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## NEWS SUMMARY

### GENERAL

#### Day of Action confusion continues

Confusion continued over the likely impact of Wednesday's Day of Action protest against Government economic policy, but there were signs that it could be a damp squib as more trade unionists said they wanted to work.

Express Newspapers has warned employees that they could face dismissal if they do not report for work on Wednesday. The group was granted High Court injunctions ordering the withdrawal of union circulars calling for a May 14 stoppage. Back Page

#### Schmidt party win

West German Chancellor Helmut Schmidt's ruling Social Democratic Party won a landslide victory in the key state of North Rhine-Westphalia, and is set to become the largest single party in the state parliament. Back Page

#### Radio seized

Ugandan military officers took control of the country's radio station after President Godfrey Binaisa sacked the army chief-of-staff Brigadier David Ojok. Page 2

#### Terrorist hunt

Police were hunting the leader of the terrorists in London's Iranian embassy siege. Scotland Yard said they were looking for a seventh member of the gang, but would not give further details.

#### Welsh forest fire

Huge forest fire, fanned by high winds, was threatening homes in North Wales. More than 100 firemen and forestry workers were fighting the blaze near Tan-y-Bwlch, Gwynedd.

#### Tomin released

Disident Czech Professor Julius Tomin and 11 other people have been released from detention in Prague, but he is continuing a hunger strike in protest at police harassment.

#### Israel 'regret'

Israeli Cabinet expressed regret at President Sadat's decision to suspend all talks on autonomy for the West Bank and Gaza. Page 2

#### Hurricane victims

At least 141 people were killed, hundreds injured, and 15,000 left homeless after hurricanes hit parts of east India and Bangladesh.

#### Tomb demolished

Work began in Tehran on demolishing the marbled tomb of Reza Khan, father of the deposed Shah, to make way for a public lavatory.

#### Climbers held

New York police detained two men who had climbed halfway up the Statue of Liberty in protest at the continued imprisonment of a Black Panther leader. They face trespass and damage charges.

#### West Ham feted

Thousands crowded streets in East London to welcome FA Cup winners West Ham to a reception at East Ham Town Hall. Soccer, Page 18

#### PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

### BUSINESS

#### U.S. may restrict imports from UK

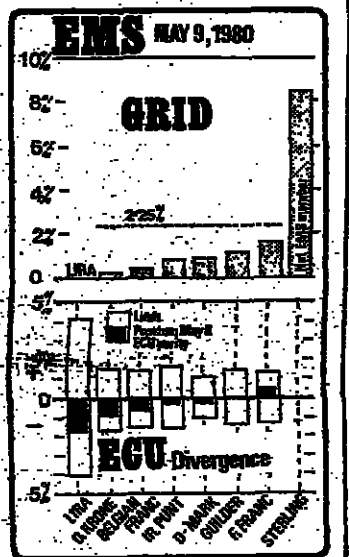
U.S. has told Britain and the EEC Commission that some 30 Community products may be subject to import curbs in retaliation for UK curbs on U.S. fibre exports. Back Page

ITALY'S trade deficit increased to L3,777bn (£1,96bn) in the first quarter of this year compared with L 713bn in the first quarter of 1979. Back Page

TRADING remained calm within the European Monetary System last week, with the French franc still the strongest currency, and the Italian lira the weakest.

The D-mark showed little change, despite the recent rise in German interest rates, and the recovery of the German currency against the dollar. But fears grew that the renewed demand for the D-mark may cause future problems for some members of the EMS.

The Belgian franc stayed above the lira and Danish krone despite a further cut in Brussels interest rates.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the lowest currency, defines the cross rates from which no currency (except the lira) may deviate more than 2.5 per cent. The lower grid gives the central rate against the European Currency Unit (ECU), half a basket of European currencies.

PETROL consumption in the U.S. should fall by 20 per cent over the next decade because of the changing driving habits of motorists. Back Page

OFFICE of Fair Trading is taking legal action against three motor car manufacturers for allegedly breaking a long-standing undertaking to the Restrictive Practices Court not to fix prices. Page 4

BURMA shareholder's are calling on the Government to return the Bank of England's one-fifth holding in BP to Burma. It was acquired from Burmah in the 1976 rescue operation. Page 6

PEERLESS, the consumer products group, is offering for sale through merchant bankers Singer and Friedlander a quarter of its equity—3,181,800 ordinary 25p shares at 100p each. The whole company is valued at \$12.82m. Page 22

HOME FARM, the pork and bacon producer, is placing 1.2m ordinary 10p shares at 55p on to the market. They represent 26 per cent of the equity of the company which is valued at \$2.2m. Page 22

NEWTOWN Securities (Northern), an experimental company launched in the North-East by the NEB and Midland Bank to provide loans to small businesses, is to close because of lack of customers. Page 4

## Terms of Chrysler rescue agreed by U.S. Government

BY IAN HARGREAVES IN NEW YORK

A U.S. Government board has authorised the biggest company rescue in U.S. history, with \$1.5bn (£667m) in loan guarantees for the Chrysler car company.

Today, Chrysler plans to announce a major programme of plant closings as part of the rationalisation it has agreed in order to qualify for Government support and for the continued support of more than 300 worldwide lenders.

The company said yesterday that it hoped the closures and other economies would keep its loss this year within the \$750m (\$385m) most recently estimated. But the Government board said it believed Chrysler would lose \$1,050m—close to last year's record loss of \$1.1bn.

The decision of the Chrysler Loan Guarantees Board came late on Saturday after more than four months of arduous bargaining and almost 17 months after Chrysler first went to the Government for financial help.

Mr. William Miller, Secretary of the Treasury and Chairman of the Loan Guarantees Board said the board had made "a reasonable business judgement" that Chrysler could survive.

Mr. Miller said he thought the company would be profitable by 1982 and that it would probably lose about \$1.1bn of the guarantees. The rest would provide a cushion for unforeseen events, the board said.

Initially, the board proposes to release \$500m—which is all Chrysler says it will need—in the form of a special issue of ten-year stock that will carry a coupon of between 1.25 per cent and 2.5 per cent above the current market rate for ten-year Treasury securities.

But the issue will not be made for 15 days. In that period, Congress will be able to scrutinise the fine print of the board's findings. No major problems are expected, but long-standing critics of the rescue will no doubt use the procedure as a further opportunity to voice their objections.

### Provided

Two main conditions are attached to the Board's recommendation: that Chrysler's lenders agree to restructure \$4.4bn of debt to Chrysler and its Chrysler Financial subsidiary and that the company's long-term lenders agree to allow Chrysler property to be used as security for other loans.

The board said it had received "adequate assurances" that these conditions would be met and has provided considerable detail of the financial programme, which Mr. Miller called "one of the most complex we have ever seen in this country."

Chrysler was required to raise \$2bn in non-guaranteed commitments from lenders and others. According to the estimates accepted by the

board, these will come from \$642m in concessions from lenders, \$628m from asset sales (including the sale of 51 per cent of Chrysler Financial), \$357m from state governments, \$342m from deferred pension fund payments and \$63m from the sale of debentures to dealers and suppliers.

This programme differs considerably from the one outlined in Congress's Chrysler aid legislation, but the board was granted power to vary the sources of funds.

From the point of view of the banks, the major victory has been to avoid putting new money into Chrysler, as the legislation ostensibly required.

In return, the banks have agreed to an involved series of interest rate reductions, maturity extensions and some straightforward giveaways on interest.

Some lenders have also agreed to convert part of these concessions (which will mean Chrysler issuing deferred payment notes to its lenders) into preferred stock holdings of up to \$750m in the company beyond 1979. Other lenders are taking options to buy up to 12m Chrysler common shares at \$13 a share—twice the current market value.

Mr. Lee Iacocca, Chairman of Chrysler, said the board had taken a difficult decision to support the company. "But it is a good decision and we intend to prove that to the entire world," he said.

## Mrs. Thatcher to announce further Civil Service cuts

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT will this week announce a further cut in Civil Service manpower costs as part of its longer-term plans aimed at reducing the number of civil servants to 600,000 by the next general election.

As a way of offsetting the new round of cuts and those already announced, Civil Service unions may use a new deal privately offered to them which would lower the age for voluntary early retirement by five years to 55.

The Government's announcement, which may be made today, will be delivered by the Prime Minister in the House of Commons.

### Intervention

Mr. Paul Channon, Civil Service Minister with responsibility for the was to have made the announcement in the Commons last week, but Mrs. Thatcher decided she would handle it herself instead. The announcement was delayed until this week because of her attendance at President Tito's funeral in Belgrade.

Mrs. Thatcher's personal intervention was seen yesterday by Whitehall officials and by officers of the two Civil Service unions, which start their annual conferences today, as a clear indication of the importance the Government attaches to

cutting the size of the Civil Service.

The announcement will review the three separate rounds of cuts in Civil Service manpower brought in since the Government took office 12 months ago. Mrs. Thatcher will then announce a further set of cuts, although indications yesterday from both officials and unions were that the figure was likely to be closer to 40,000 than the high figure of 70,000 which had been suggested previously.

The new round of cuts will not be designed for implementation this year, but will instead lay out the size and shape of the Civil Service for the rest of the life of this Parliament.

Union officials fear that the cuts will affect such sensitive areas as the Department of Employment, and the Department of Health and Social Security. Law and order services are again likely to be exempted along with the Ministry of Defence which employs about a third of all Britain's civil servants. Union officials from the DESS are expecting to be contacted today by Mr. Patrick Jenkin, the Social Services Secretary, with details of the cuts.

The full effects of the new cuts and those already in the pipeline could be mitigated, however, by a new deal on re-

irement which has been put confidentially to the union by the Civil Service Department.

The offer, which relates principally to the 21 per cent reduction in manpower costs imposed as a condition of this year's pay settlement for the early retirement scheme,

offers staff voluntary early retirement at the age of 55 instead of the present minimum retirement age of 60. The deal is designed to keep departments within their individual cash limits for 1980/1981. Those taking up the option would have to do so by September 30 this year.

### Bargaining

Staff would therefore get a lump sum pension payment early which would probably be attractive to some of the older ladies of the Civil and Public Services Association, the largest union in the service. Women make up 68 per cent of the CPSSA's members. Staff would not be eligible for pension in respect of the five years they would otherwise have worked.

Mrs. Kate Losinski, CPSSA president, said yesterday there would be some hard bargaining ahead, although the offer would mean that the union would not approach the new cuts determined to reject them out of hand.

Threat to pay system Page 9

## Swedish mediation on strike accepted

By William Dullforce in Stockholm

SWEDEN'S PRIVATE employers yesterday accepted a pay settlement proposed by mediators, thereby ending the ten-day dispute in which 900,000 Swedes are on strike or locked out. The trade unions accepted the proposal.

Mr. Thorbjörn Fälldin, the Prime Minister, had called in the employers' leaders and appealed to them to reverse their original decision to reject the settlement.

Earlier announcing that the negotiations had broken down, Mr. Carl-Henrik Nordlander, the chief mediator, said that his Commission was abandoning its efforts to reach a solution.

Public sector unions and employers both accepted the mediators' compromise pay settlement, putting an end to the industrial action which has closed Sweden's airports and reduced to a trickle goods traffic through its ports.

In a written reply to the mediators, the employers' association said the proposed pay increases would cut Swedish industry's competitive position, reduce employment, boost inflation and lead to heavier foreign borrowing.

It was time to re-examine the whole Swedish system for dealing with labour conflicts, the employers said. It also objected to the way public sector pay agreements set the pace for private sector negotiations.

The employers' tough attitude was unexpected. Since Friday, when the mediators tabled their compromise, it had been assumed that the employers would be forced to accept the higher wage settlement, perhaps with reservations. The transport workers' strike which started on Friday, will halt oil and petrol distribution.

The settlements proposed by the mediators would give industrial and commercial workers average wage increases of 6.8 per cent, while state and local authorities workers would get an average rise of 7.3 per cent.

The mediators also included guaranteed wage-drift provisions and payments for special skills or for merit. When these are added, the average increase for an industrial worker comes out at 10.1 per cent, against 8.8 per cent for public sector workers.

After the agreement in the public sector Swedish radio and television immediately resumed normal transmissions.

## Banks oppose plans for loans control

BY MICHAEL LAFFERTY AND DAVID MARSH

BRITISH BANKS are expected to ask the Bank of England today to make major changes to new proposals aimed at tightening control of their borrowing and lending operations.

If implemented in their present form, say bankers, the recommendations could raise the cost of medium-term finance for industrial and other borrowers. The recommendations, say bankers, could distort competition among various types of banks and also damage the standing of London as an international banking centre.

The proposals, which set out strict regulations for the volume of liquidity which banks have to maintain against various types of deposit, have attracted widespread criticism from the banking community since they were published by the Bank as a consultative document in March.

A meeting today between Bank of England officials and a large delegation from the British Bankers Association—representing the main British banks as well as foreign branches operating in London—will give the two sides their first chance to exchange views on the document.

Raising the unusual prospect of a confrontation between the Bank of England and the commercial banks operating in London, a senior banker due to take part in the talks said last night: "We hope it won't come to a stand-up battle. But we're going to oppose this very strongly indeed."

The Bank has stressed that the document represents a basis for discussion and has implied that it will be willing to make modifications. Consultations are likely to take several months.

But it has probably been taken aback at the strength of opposition to the proposals, which bankers say are heavily-handed and based on insufficient knowledge of the commercial banking business.

The proposals aim to ensure that banks have sufficient liquid assets to match shortages that could arise if they failed to attract new deposits.

Bankers say the suggested liquidity rules as applied to sterling business would work in favour of the clearing banks, which have access to large retail deposits from current-account customers, but would excessively penalise many types of lending operations that are based mainly on deposits taken from the wholesale interbank market.

As applied to Eurocurrency business, foreign bank branches would be at an advantage over the domestic institutions. But the proposals might drive business to less-regulated Eurocurrency centres—the very opposite of what the Bank of England would like to encourage.

The liquidity paper is the third in a series of consultative documents which the Bank has been issuing in the wake of the Banking Act. The Act, passed last year, sets down for the first time the Bank's statutory responsibilities and powers to supervise British banking.

The reception to the liquidity document has been so hostile that banks say they are now also opposing the recommendations set out in a previous paper on foreign exchange regulation, on which it had earlier been thought there would be a compromise.

Editorial comment Page 20

## Inflation tops 20%

BY DAVID MARSH

OFFICIAL FIGURES due this week will show that the annual rate of retail price inflation has risen to more than 20 per cent for the first time since March 1976, and that credit is still expanding faster than the Government would like.

The statistics will underline the reasons why Sir Geoffrey Howe, the Chancellor, has ruled out an early cut in the 17 per cent Minimum Lending Rate, in spite of political pressure for a reduction both within and outside the Government.

The CBI is resigned to waiting at least until the end of June before interest rates are cut.

The retail price index for April, to be published on Friday, will show a large rise compared with March, mainly because of increases in indirect taxation announced in the March Budget and higher public sector charges. This is expected to take the 12-month rate of inflation to a four-year high of 21 per cent from 19.8 per cent in March.

Continued on Back Page  
Lombard Page 18

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## OVERSEAS NEWS

## Western leaders to stress their solidarity this week

BY JOHN WYLES IN BRUSSELS

WESTERN political leaders from both sides of the Atlantic will be involved in intensive diplomacy over the next seven days designed to demonstrate that despite recent tensions, their solidarity remains firm in face of the Afghanistan and Iranian crises.

In the first half of the week, discussions in Brussels involving Defence and Foreign Ministers of the North Atlantic Treaty Organisation will focus on sharpening the alliance's military preparedness to deal with any new manifestations of Soviet adventurism.

Later, the 25th anniversary in Venice of the signing of the Austrian neutrality treaty, will be the occasion on Friday for the first top-level political exchanges between the U.S. and the Soviet Union since the Russian invasion of Afghanistan. But no negotiations will be held between Mr. Edmund

Muskie, the newly-appointed U.S. Secretary of State, and Mr. Andrei Gromyko, Soviet Foreign Minister.

Rather, the meeting will be a demonstration of the apparent desire of both super-powers to keep their lines open and to test each other's positions, following the frigid developments in East-West relations during the past six months.

But the U.S.'s European allies will welcome the meeting. They are eager to maintain the East-West dialogue and some joint commitment to détente. However, Mr. Muskie's brief is expected to be very much in tune with President Carter's headline speech in Philadelphia on Friday, in which he asserted there could be no "business as usual" with the Russians, until Russian "aggression" in Afghanistan ended.

President Carter also stressed that economic and political

solidarity with the Western Allies was the "touchstone" of U.S. foreign policy. In Europe, his handling of the Afghanistan and Iranian crises has been held responsible for potential beneath-the-surface strains to this solidarity. But these are expected to be kept well out of sight at the NATO meetings on Tuesday and Wednesday.

NATO's Defence Planning Committee is likely to give further impetus to an eventual build-up of European troops and logistical reserves, so as to permit an increased U.S. capacity in the Gulf and other areas of potential East-West conflict.

The Europeans appear ready to accept the American thesis that a strengthening of NATO is a prerequisite for any renewed search for détente with the Soviet Union.

## Egypt slashes customs duties

By Our Cairo Correspondent

In an effort to reduce the soaring cost of living which is now affecting all sections of Egyptian society, President Anwar Sadat has ordered heavy cuts in customs duties on a wide range of imports.

Duties on imported foodstuffs have been reduced or eliminated across the board. The 55 per cent tariff on sugar has been eliminated, the tariff on butter reduced from 50 to 30 per cent, and tariffs on flour, maize and beans reduced from 40 to 20 per cent.

The duty on animal feed has been eliminated to try to contain soaring meat prices, while duties on a wide range of construction raw materials, such as iron bars

and wood, have been scrapped or severely reduced. Agricultural machinery imports are now duty exempt.

Duties on refrigerators, washing machines and other consumer durables, including hi-fi equipment, have been slashed, and duties on small cars have been reduced.

The cuts appear to go well beyond those envisaged by Mr. Ali Lutfi, Finance Minister in a new customs and excise Bill which has been six months in preparation, and are unlikely to be well received by the International Monetary Fund with whom Egypt has been negotiating a three-year extended credit facility.

Reluctance on the part of the Egyptian authorities to implement certain budgetary and fiscal reforms have held up this agreement.

The loss of customs revenues—expected to net E2967m (£812m) this year—will put the Budget further out of balance, and make agreement with the IMF even harder.

## S. Africa schools boycott suspended

SOUTH AFRICA'S coloured (mixed race) schoolchildren in Cape Province have decided to suspend a four-week boycott of classes. Quentin Peel reports from Johannesburg. The boycott was called in protest at what the children described as their "inferior education."

## Israelis 'regret' Sadat's move on West Bank talks

BY L. DANIEL IN TEL AVIV

THE ISRAELI Cabinet yesterday considered President Anwar Sadat's decision to suspend all talks on autonomy for the occupied West Bank of the Jordan and the Gaza Strip and expressed "regret" at his move.

It is understood that Israel will abstain from any further reaction until after an expected speech by President Sadat on Wednesday.

Jerusalem still believes that the talks are likely to be resumed soon although some observers believe President

Sadat broke them off before the target date of May 26 so as not to have to face his critics on that date with little progress to show for 11 months of negotiation.

Meanwhile, at the Allenby Bridge across the Jordan, the two mayors who were deported from the Hebron region by the Israelis to Lebanon last week, were refused permission to re-enter the Israeli-occupied territory.

As the men addressed reporters on the Jordanian side

of the bridge, more than 100 Jews supporting a left-wing movement, including two members of the Knesset, demonstrated in support of the Israeli-held side.

A new Israeli settlement was set up yesterday on a hill overlooking Jerusalem. The decision to establish the settlement was taken some months ago. The site was purchased by Jews several decades ago and the settlement does not involve expropriation or conflicting claims.

## Two Libyan exiles shot dead in Bonn, Rome

By Paul Betts in Rome and Roger Boyes in Bonn

TWO LIBYAN exiles were murdered in Bonn and Rome at the weekend, marking the latest stage of an assassination campaign against opponents of Colonel Muammar Gaddafi, the Libyan leader.

West German police said yesterday that the man murdered in a busy Bonn shopping precinct on Saturday was Mr. Omar el-Mehdawi, a former member of the Libyan Embassy in the German capital. Since leaving the embassy in 1978, apparently for political reasons, he has worked as a businessman. A 26-year-old Libyan was arrested minutes after the shooting and has been charged with manslaughter.

A Libyan businessman shot dead in a hotel bar in Rome, Mr. Abdalla Mahamud el Khazmi, had been living in the city since 1978. He is the third exiled Libyan to be assassinated in Rome this year.

There is clearly some concern in West Germany that Libya will move to cut off oil supplies. Last year Libya was Germany's second largest supplier of crude after Saudi Arabia, accounting for over 16 per cent of imported oil.

## Troops seize Uganda radio

TROOPS LOYAL to Uganda's army chief of staff, yesterday took over the country's radio station in Kampala while others patrolled the city streets, John Worrell reports from Nairobi.

The radio repeatedly broadcast a statement from the military commission of Uganda's interim Parliament rejecting Brigadier Ojok's dismissal by President Godfrey Binaisa. The Brigadier drove to the President's residence for talks but, in Nairobi, a Uganda Minister issued a statement saying Ojok's rejection of his dismissal was treason and an attempted coup d'état.

Brigadier Ojok is a supporter of former President Milton Obote who has said he will return home this month from exile in Tanzania.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$385.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

## Moscow calls for 'frank dialogue'

BY DAVID SATTER IN MOSCOW

THE SOVIET Union called on the U.S. yesterday to drop "demagogic methods" and to begin a "frank and honest dialogue" to improve the present tense relations between the two super-powers.

Tass, the Soviet news agency, in a report on President Carter's speech on foreign policy in Philadelphia, said that the hostile direction of U.S. foreign policy was based on "a distorted version of events in Afghanistan."

The Tass report, carried by Pravda, the Communist Party newspaper, said: "Timely Soviet help to the Afghan people" destroyed plans to turn Afghanistan into an "anti-Soviet military bridgehead."

The Soviet call for a dialogue and a "sober approach" was contained in the last paragraph of the Tass report, and appeared to be connected with the coming meeting, between Mr. Andrei Gromyko, the Foreign Minister, and Mr. Edmund Muskie, the

new U.S. Secretary of State, in Vienna.

U.S. officials believe that the Russians welcome Mr. Muskie's appointment and hope he will be a counter-balance in the administration to Mr. Zbigniew Brzezinski, the National Security Adviser, who has been criticised with increasing virulence in the Soviet press.

The Tass report indicated, however, that Russia will give little ground over Afghanistan.

## Poll reverse for Iran's clerics

BY OUR FOREIGN STAFF

VOTING in the second round of elections for the Iranian National Assembly appears to show a drop in support for the clerical Islamic Republican Party, but full results have still to be announced.

Results from 133 of the 150 constituencies contested on Friday give the IRP 64 seats with 68 going to supporters of Mr. Abol Hassan Bani-Sadr, the President, and independents. Results in Tehran have still to

be announced. Already there is friction between the President and the clerical parties who fear that his proposed formation of a Cabinet before the National Assembly meets will pre-empt their authority. To prevent this they may push for an early meeting of the assembly.

It is not clear how the election results will affect the future of the U.S. hostages. The IRP won two thirds of

the 98 seats decided in the first round of the elections, but does not have a formal party structure leaving it unclear exactly how much support there will be for the Grand Islamic Coalition dominated by the IRP.

President Bani-Sadr had said that he hoped to appoint a Prime Minister to lead a new Cabinet by yesterday. But aides to Ayatollah Khomeini said that no name had yet been submitted to the religious leader.

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# WORLD TRADE NEWS

## Carter officials relieved at UAW's Japanese car move

By DAVID BUCHAN IN WASHINGTON

THE U.S. United Auto Workers' Union decision to seek legal redress against surging Japanese car imports has taken much of the heat out of the need for Congress to act politically, according to trade officials in the Carter Administration.

Mr. Douglas Fraser, UAW president, said last week the union would file an import relief suit by June 15 with the U.S. International Trade Commission, a quasi-judicial panel that rules on trade disputes.

The officials point out that the FTC has six months to make a ruling, which the President has another two months to accept or not—taking the whole matter past the election and into 1981.

However, Mr. Reuben Askew, the U.S. special trade negotiator, has started talks in Tokyo this week, with the twin aim of putting pressure on more Japanese car manufacturers to set up plants in the U.S.—as Honda is

already doing—and of winning easier access for U.S. auto products to the tightly circumscribed Japanese market.

Mr. Carter recently dismissed putting formal curbs on Japanese cars, which this year have captured around 20 per cent of the market, on the grounds that Americans should not be forced to buy the more expensive and petrol-consuming vehicles that Detroit was turning out.

The number of American carworkers now laid off—350,000—is intolerable, but the Administration has calculated that import curbs would re-create American car jobs at a cost to the economy of \$200,000-\$300,000 a job.

The UAW suit is likely to draw support from the Ford Corporation, but General Motors has eschewed import protection. Chrysler is wrapped up in its separate survival struggle, to which imports are

only ancillary.

The UAW cause has drawn support from some prominent figures on Capitol Hill, notably Mr. "Tip" O'Neill, speaker of the House, who last week publicly backed import curbs.

But by and large, Administration trade officials believe that the union has taken the legal route because it failed to whip up enough political backing.

The union is to file under an import safeguards measure analogous to Article 19 of the GATT code on the international level. It is not required to prove any unfair trade charges against the Japanese.

Instead, it has to show that imports have been "a substantial cause of serious injury" to the domestic industry. Officials say that means the biggest single cause of damage, and that may be the case. Detroit is undoubtedly affected also by its failure to make smaller cars.

## Missile job for British Aerospace

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE'S dynamics group is now working on a £200m contract to build the Franco-German Milan portable anti-tank missile for the British Army.

The first phase of the programme began some time ago and has already been completed, with test firings of the missile, and the supply of initial production missiles to the army. The existence of the contract was only revealed at the end of last week.

The current phase involves building further missiles, including sub-assemblies from components supplied from the Franco-German company, Euro-missile. Eventually, BAE's Dynamics Group will also make these components.

The overall missile contract is one of the biggest yet awarded by the Ministry of Defence to a UK contractor.

The Milan missiles are being made in special purpose-built facilities at the company's Stevenage factory. Overall, many hundreds of these anti-tank weapons are involved in the contract, which is likely to run for several years.

OLYMPIC AIRWAYS of Greece has ordered two SD-330 "Cometliner" aircraft, with an option on another four aircraft. The aircraft are built by Short Brothers and Harland of Belfast.

This deal, worth about £2.5m, brings total orders and options for the SD-330 to 64 aircraft from 18 airlines in seven countries.

In Greece, the aircraft will join the fleet of Olympic's subsidiary, Olympic Aviation, flying feeder-line services between the Greek mainland and the Aegean Islands, promoting the growing Greek tourist industry.

## EGYPT TELEPHONE CONTRACT

## W. German finance secured

By OUR CAIRO CORRESPONDENT

EGYPT'S much-publicised \$1.8bn telephone contract, involving Siemens of West Germany, its sister company, Siemens Austria, and Thomson CSF of France, has taken a significant step nearer realisation with the announcement that the West German government is making soft loans available for the project.

The consortium signed a framework contract last September, undertaking to find the total \$1.8bn (£786m) needed at no more than 5.5 per cent interest, before obtaining soft loans from their respective governments.

Until recently there was some doubt that these would be as readily forthcoming as the three companies had imagined, because of the controversy such loans would arouse from more indigent domestic telephone manufacturers.

Siemens of West Germany, at least, has now won up the finance for the first phase of its part of the contract. The West German government is to provide

DM 93m (£22bn) in soft loans and a further DM 93m as subsidised Hermes export credits. Siemens is finding the remaining DM 93m through commercial loans. The overall cost of the financing will work out at slightly less than 5.5 per cent.

Bringing the interest rates on the French and Austrian finance requirements (which amount to FF 600 (£82.63m) and Schilling 1.3bn (£41m) respectively) down to the requested 5.5 per cent level is proving more difficult. French Government soft loans bear 3.5 per cent against 0.75 per cent for West German loans while for the Austrian Government, providing such finance is a totally new departure. Representatives of the French and Austrian Governments met in Vienna last week to try and arrive at a common approach to their financing problems.

Intensive meetings have been taking place, meanwhile, in Paris, Frankfurt, and Cairo to tie up the technical aspects to the programme. A spokesman

for Siemens West Germany said here that 99 per cent of the technical stipulations of its section of the project had now been ironed out with the Egyptian telephone authorities and the company would be ready in a few days to sign contracts for delivery dates in the second half of this year.

Whether Siemens West Germany will sign contracts separately will depend largely on how quickly the other two partners resolve their financing problems.

The five year programme which entails the installation of 500,000 new telephone lines and the rehabilitation of 250,000 existing lines is divided into three equal phases in terms of the financing requirement. The second phase should be slipping into gear by the end of the year to run concurrently with the first, which is due to end in 1984. Once the financing for the first phase has been settled, there should be little problem with the others.

## Chevron to start oil production in Sudan

By James Buxton

SUDAN is moving towards becoming a very modest oil producer today with the announcement today by Standard Oil of California that it is planning to start producing and refining oil from its two discoveries there.

The company says plans are being made for a simple refinery or topping plant to meet the needs of the exploration programme following recent discoveries which it calls "very encouraging."

Chevron has been drilling for oil in remote regions of south-western Sudan since 1977 and announced its first substantial oil discovery at Abu Gabra in July last year. The company has so far spent about \$120m and is operation is Standard Oil of California's biggest current exploration programme.

Sudan, one of the few Arab countries not to produce oil, has severe balance of payments problems—due to the high price of imported oil and as a result of an over-ambitious development programme. It thus badly needs domestic oil sources. Even by supplying only the company's own needs Chevron's topping plant will make an important difference to the country's fuel supply once it is in operation by freeing imported fuel and railway freight capacity for other users.

Chevron's finds are far from the main productive areas of the country and at the opposite end of Sudan to its only refinery at Port Sudan on the Red Sea.

## British loan for Turkey

By Metin Muzir in Ankara

THE BRITISH Embassy in Ankara has submitted the draft of an agreement to the Turkish authorities under which a £25m British Government loan to Turkey in 1980 will be disbursed. The loan will be deposited in London and released for the purchase of British industrial goods by Turkey.

This is part of a \$1.65bn loan pledged to Turkey by members of the Organisation for Economic Co-operation and Development (OECD) as balance of payments support for the current year.

A similar £15m British loan to Turkey was arranged last year but became available only last month because of bureaucratic difficulties. The agreement governing this loan contained a list of eligible goods which could be brought from the UK—30 per cent of the loan was allocated to special steels, 30 per cent to chemicals for industrial and agricultural uses.

Because the loan has not yet been utilised British funds available to Turkey now total £30m. To overcome the bureaucratic obstacles which hindered transactions under last year's loan Britain has proposed a simpler mechanism for the new loan. There will be no list of eligible goods though purchases will be restricted to "industrial goods" which will be defined jointly by the British and Turkish authorities.

Ankara has meanwhile told Britain that it does not require special steels and other commodities listed under the 1979 loan. These funds will therefore be allocated to other commodities.

## UK-Soviet trade decline seen despite sales jump

By DAVID SATTIN IN MOSCOW

BRITISH EXPORTS to the Soviet Union rose 63 per cent in the first quarter of this year. But this is attributed to the last deliveries of major UK-Soviet contracts signed several years ago rather than a reflection of any underlying positive trend.

British commercial officials said that, although the Soviets were still placing small orders with British companies, there have been no major contracts signed in recent months, and UK exports are expected to decline sharply within the next few months.

Figures released by the British embassy show that British exports for January-March of this year totalled £181.1m, a sharp increase compared with the figure for the same period last year of £80.3m.

The rise was attributed to the last deliveries of equipment under a £160m contract signed

with Coberrow in December, 1978 for gas compressor stations and deliveries on the £147m contract for methane plants signed with Davy Power-Sun in 1977 and on a \$76m contract signed with Simon Carves for a tyre plant in the same year.

There has also been a general increase in Soviet purchases from Western European countries as Soviet foreign trade organisations spend the last of the funds allocated to them for the 1976-80, five-year plan.

Soviet exports to Britain, which are mostly raw materials, rose by 35 per cent to £231 from £171m in the first quarter of 1979, the traditional British deficit in trade with the Soviet Union increased to £99.9m this year from £90.5m in the first quarter of 1979.

Total UK-Soviet trade in the first quarter amounted to £362m.

## U.S. resists technology code

By BRIJ KHINDARIA IN GENEVA

THE U.S. has hardened its position in negotiations here for a new UN code regulating the transfer of technology by multinational companies to developing countries.

The third UN conference for the code adjourned here last week with wide enough differences between Third World and industrialised country positions even preventing agreement on when a new meeting should be held.

The code called for a set of guidelines aimed mainly at ensuring slightly easier access for developing countries to Western technology and elimi-

nating the most glaring abuses by some multinational companies of exclusive use of technology through subsidiaries based in the Third World.

Most of the code's provisions have been agreed, but differences on a handful of key articles caused the conference to break down bringing a warning from Sr Ernesto Rodriguez Medina of Colombia that Western "intransigence could oblige developing countries to use mechanisms of defence that would endanger the harmony of our world community."

He was referring to the possibility that many developing

countries might unilaterally react restrictive laws adversely affecting the interest of multinational companies.

The main differences centre on which restrictive business practices involving transfer of technology should be prohibited by the code and which should be exempted.

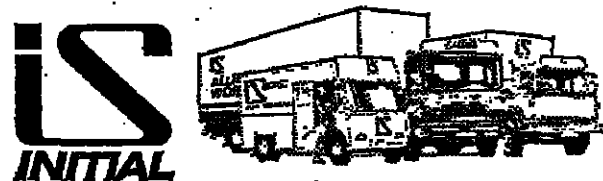
Developing countries want the code's scope to include deals between Western parent companies and their developing country affiliates, but the U.S. wants to ensure that each such deal is analysed separately to assess whether it actually harms developing country interests.

## World Economic Indicators

TRADE STATISTICS		Mar. '80	Feb. '80	Jan. '80	Mar. '79
UK	£bn Exports	3,835	4,133	3,879	2,787
	Imports	4,011	4,359	4,200	3,134
	Balance	-0.176	-0.226	-0.321	-0.347
W. Germany	DM bn Exports	31.30	29.60	27.970	28,027
	Imports	29.30	29.10	27,628	24,634
	Balance	+2.00	+0.50	+0.342	+3,393
Japan	¥bn Exports	10,450	9,299	6,850	9,282
	Imports	10,520	9,586	9,241	7,775
	Balance	-0.040	-0.187	-2,381	-1,487
France	Frs bn Exports	41,033	39,272	38,101	33,494
	Imports	46,882	43,538	42,729	32,287
	Balance	-5,849	-4,266	-4,628	+1,207
U.S.	\$bn Exports	18,534	17,200	17,300	14,445
	Imports	21,622	21,800	22,100	16,228
	Balance	-3,138	-4,600	-4,800	-1,783
Holland	F bn Exports	12,356	12,570	10,774	9,255
	Imports	12,781	12,530	12,370	9,510
	Balance	-0.225	+0.040	-1,596	-255
Italy	Lira bn Exports	4,506	7,107	5,223	3,374
	Imports	5,640	6,205	6,481	3,495
	Balance	-1,134	-1,718	-1,458	-321
Belgium	Frs bn Exports	147.3	172.3	135.0	136.7
	Imports	161.7	167.6	133.1	123.9
	Balance	-14.4	+4.7	+1.9	+12.8

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## UCB - Brussels 1979

The following statement by Mr. F. Foriers, Chairman, serves as an introduction to the Directors' report. The Shareholders' General Meeting will be held on the 18th June, 1980.

1979 has confirmed the hopes of the Board of Directors of your company which I expressed to you this time last year.

Our objectives have been achieved and among them payments to shareholders. The net profit of the Group after tax has risen to BF 347 million. This is a result which compares favourably with the profit of BF 163 million in the previous year.

The financial structure of the Group, which was satisfactory, has improved further, which has allowed us to approve an investment plan for 1980 of BF 1,578 million (BF 781 million in 1979), an encouraging sign which has, in particular, given us the scope to widen our horizons outside the European economic zone.

Amongst our new projects, therefore, appears our Group's first industrial production unit in the United States of America, UCB is one of the major world producers. All this could only be achieved thanks to a better economic climate, reduced inflation and rigorous management control.

FINANCIAL HIGHLIGHTS OF THE UCB GROUP					
In million BF/£					
	1977	1978	1979	1977	1979
Group net sales	17,184	273.5	17,733	303.2	20,390
Cash flow	494	7.9	980	15.9	1,329
Profit/loss after tax	-397	-6.3	103	1.8	347
Investments during the year	813	12.9	745	12.7	615
In BF and £ sterling per UCB share					
	1977	1978	1979	1977	1979
Share of UCB in:					
Cash flow	397	6.3	814	13.9	1,109
Cash flow	397	6.3	814	13.9	1,109
Profit/loss after tax	-394	-6.3	102	1.7	315
Dividend, net	-	-	-	-	175
	-	-	-	-	140
Cash flow includes:					
- Depreciation taken in the profit and loss account					
- Investment grants received to the extent that they are not included in the profit and loss account					
- Movements in provisions for risks and losses in value taken in the profit and loss account					
- Profit/loss after tax					
Rates of exchange used: 1977 £1=BF62.39 1978 £1=BF58.48 1979 £1=BF62.37					
Copies of the 1979 Annual Report (in English, French or Dutch) can be obtained on request from:					
UCB s.a. Public Relations Department, Chaussee de Charleroi, 4					
B-1066 BRUSSELS-BELGIUM. Tel: (010) 322 537 12 20. Telex: 31 280					



## UK NEWS

## Concrete pipe makers face legal action

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

LEGAL ACTION is being taken by the Office of Fair Trading against three major concrete pipe-manufacturers. It could lead to heavy fines or sequestration of assets.

The companies, accused by the OFT of contempt of court, are Redland Pipes, Spun Concrete, and ARC Concrete. The OFT alleges they broke a long-standing undertaking to the Restrictive Practices Court not to fix prices or tender for contracts collusively.

In 1965 the three companies, and other British Concrete Pipes Association members, agreed not to operate any agreement designed to restrict trade in the industry. The undertakings followed condemnation by the Restrictive Practices Court of such restrictive practices in the industry as price

fixing and collusive tendering. The OFT alleges the three companies broke the undertakings between 1974 and 1978 and are in contempt.

A fourth company, subsidiary of a nationalised industry corporation, was investigated by the OFT for alleged contempt. No action has been taken against that company.

The OFT's action against three companies is under the Restrictive Trade Practices Act, 1976. Although it does not involve criminal proceedings, it enables the Director General of Fair Trading to apply for leave to issue a writ of sequestration of the companies' assets, and for any other action, the court feels is just punishment.

This is the fifth time the OFT has brought a contempt action in reference to a Restrictive Practices Court case.

The last case was in 1966, when all eight members of the Tyre Mileage Conference Group of the Tyre Manufacturers' Conference were fined a total of £80,000 and had to pay legal costs.

The Court upheld the contempt allegations in the three previous applications. In 1961 the National Federated Electrical Association had to pay the court costs of the Registrar of Restrictive Practices; in 1964 one member of the Garage Equipment Association was fined £100 and ordered to pay the registrar's costs; and in 1965 eight members of the Galvanised Tank Manufacturers' Association were fined a total of £102,000 and ordered to pay the registrar's costs.

The hearing of the case involving the concrete pipe-manufacturers is set down for July 14.

## NEB—Midland Bank small business loan experiment to end

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN EXPERIMENTAL company launched in the North-East by the National Enterprise Board to provide Midland Bank loans to small businesses is to be closed, having failed to justify its existence.

This will coincide with a new overall plan by the NEB for helping small businesses. A total of £10m a year is to be available, for spending in partnership with the private sector, on small and medium-sized companies and on helping regional development. A bank loan guarantee scheme is one possibility being considered.

Only two small businesses have become customers of the experiment, launched jointly by the NEB and Midland Bank in September, 1978, and called Newtown Securities (North-east). It is to be shut soon and the businesses transferred to the bank's direct care.

The bank has recently set up a specialist subsidiary to help small enterprises. The experiment's customers are Henry Hall, which makes shelving and racking, and Western Gloves, a glove manufacturer. Both have received loans of about £25,000. A total budget of £350,000 was originally allocated by the NEB and the bank to Newtown Securities which was expected to provide loans ranging from between £5,000 and £25,000.

No major lessons have been drawn from the experiment's failure except that the bank's High Street branches did not apparently provide as many potential customers as had been expected who would be interested in taking loans from the joint company.

A separate experiment launched more recently by the NEB in the north-west has been more successful. Called Sapling

Enterprises, it is owned jointly by the NEB and Collinson Grant Associates, a Manchester firm of management consultants.

It offers managerial and financial advice to businesses interested in accepting an investment of £50,000 or more from the NEB, and so far has three customers.

In future the NEB's broad small business role will overlap with its regional functions. It has been told by the Government to help small and medium-sized businesses, particularly in areas of high unemployment, and to help companies of all sizes in the assisted regions.

The £10m a year will probably be split equally between these two jobs although there will also be a further overlap with the NEB's other primary function of helping high technology ventures. Small technological companies are therefore likely to be prime candidates for NEB funds, once the organisation's new corporate plan has been completed.

The NEB is considering whether to become involved in a type of clearing bank loan guarantee scheme. Such a scheme has been examined by the present and the last Government, and there is considerable pressure from within the Conservative Party small firm's organisation for a scheme to be launched.

## Chinese study grant awarded

DR. PAUL HARE of Stirling University has been awarded more than £2,500 by the Social Science Research Council to study Chinese economic planning.

## Production of new Ford engines starts at Bridgend

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD'S NEW family of advanced technology engines goes into production on schedule this week in the new £180m plant at Bridgend, South Wales.

The engines, the CVH series, will power the group's "world cars" as they are introduced in the 1980s. Output at Bridgend will reach more than 500,000 a year quickly, if all goes according to plan. About two thirds will be exported, mainly to continental Europe.

The CVH engine programme has cost Ford about £500m. Apart from the Bridgend plant, the programme included extensive re-equipment of the Rouge engine plant in Dearborn, Michigan, which will supply North America and South-East Asia.

Engineers from Britain, the U.S. and the Continent jointly developed the power-unit which Ford claims "introduces new combustion concepts, burns fuel more efficiently and provides higher standards of economy, power and emission control."

The family will consist of 1100, 1300 and 1600cc versions. The first car to use the new unit will be the replacement Escort—previously code-named Erika—to be launched in Europe in October at the Paris Motor Show. Erika will replace the Pinto and Bobcat in the U.S. It will be made for Far East markets by Toyota Kogyo of Japan, the Mazda group in which Ford has a 25 per cent stake, and by Ford Australia.

More than 1m CVH engines a year will be required initially. In about two years' time the replacement for the Cortina/Taurus, currently called the Tonic, will be launched. It will

almost certainly use the unit in some specifications.

Tonic is another "world car" in that it will use common components, such as engines, gearboxes and axles, wherever it is assembled.

The present Escort is powered by Ford's Kent engine, also used in some Cortinas and Capris. It is made at Dagenham and Halewood in the UK, and Cologne in West Germany. A derivative of the Kent is also used for the Fiesta. It is made in Valencia, Spain. Output of the Kent will continue.

## Grants

The British Government contributed grants and other assistance totalling at least £70m towards the Bridgend plant. This represents £35,000 for each job created when the facility is fully on stream.

The Welsh factory, highly automated and suggested by Ford to be probably the most efficient in the world, has produced more than 800 of the new engines as part of an engineering evaluation programme. About 200 are fitted in Fiestas involved in a 100-mile field-test throughout Europe.

Ford has issued details of the engine without presenting hardware for physical inspection. According to the company, the engines are designed for long life and minimum routine maintenance (less than one hour a year of average motoring).

The engine has a cylinder-block developed for light weight and noise suppression, and computer-aided calibration of all control systems.

For the first time on a volume-produced European Ford engine aluminium is used instead of cast-iron for the head material.

To meet the need for a wide range of performance and economy, the engine's three capacities are produced in five different power-outputs, ranging from 55 bhp (brake horsepower), for the 1100 low compression, to 96 bhp (for the 1600 S).

Among its features, says Ford, is a "unique" hemispherical combustion-chamber, chosen as the best shape for a combination of low exhaust emissions and high fuel efficiency.

The overhead camshaft is supported by five bearings instead of the more usual three, minimising flexing under load, and hydraulic tappets are used on all versions, ensuring that no adjustment is required.

The ignition system is designed to improve performance and reliability. For higher-powered versions, a high-energy breakerless system is used. It requires no routine maintenance apart from inspection of sparking plugs.

Lower-powered engines are fitted with a conventional contact-breaker but detailed design improvements have ensured maintenance of more accurate timing between services, Ford says.

The most powerful engine is fitted with a twin-choke Weber carburettor and a special camshaft. All other engines are designed to operate with Ford's Variable Venturi constant-vacuum carburettor, introduced in 1979 on the Cortina.

## Public sector rises 'could wreck monetary policy'

BY JAMES McDONALD

EXCESSIVE pay awards to public sector employees could wreck the Government's hopes of tight monetary control and the realistic linking of pay to productivity, says the London Chamber of Commerce and Industry in its latest economic report.

A high proportion of wage settlements in the private manufacturing sector have been at about 15 per cent or less in the first months of this year but the message that pay and output must be linked "is made meaningless when the going rate of 20 per cent or so is being accommodated quite smoothly in the public sector," the report says.

With a Government pay bill likely to be 25 per cent higher this year, and a deepening recession, the Chamber warns against any hopes of that pay pressure will ease in the public sector.

The plausibility of the White Paper on Public Expenditure is also questioned. The report says the Government's medium-term strategy does not explain how it will achieve a transformation of the finances of nationalised industries from net borrowers must be linked "is made meaningless when the going rate of 20 per cent or so is being accommodated quite smoothly in the public sector," the report says.

## Mersey coal terminal order awarded

Financial Times Reporter

THE MAIN contract for a new £125m coal shipping terminal at Garston on the River Mersey has been awarded by the British Transport Docks Board to Walker Engineering of Bristol.

Coal will be delivered to Garston by rail from pits in the Midlands and North of England. Up to 1m tonnes a year will be supplied from Garston to Ireland, and the Isle of Man.

The Government is making a special grant under the Railways Act of £239,000 towards new rail facilities.

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## Town halls may face shortage of trained staff

By Gareth Griffiths

LOCAL GOVERNMENT could be faced with a shortage of trained administrators unless there is an overhaul of qualifications and training, the Association of District Secretaries has warned.

The association says the lack of recognition of qualifications has confused potential entrants into local government. It says less than 250 candidates tried local government administrative examinations last year.

The association wants to see the establishment of a single recognised qualification. Talks between the Institute of Chartered Secretaries and Administrators and the Local Government Training Board about training have been held for some time and last year an Administrative Staff Qualifications Council was set up to deal with the problem.

Mr. R. J. Morris, the association's president, said the talks offered a chance for a breakthrough in overhauling the present system.

## Civil engineering orders slacken

BY ANDREW TAYLOR

THE WORKLOAD of small and medium-sized civil engineering companies is continuing to slacken, but larger companies are faring slightly better, according to the latest Federation of Civil Engineering Contractors quarterly survey.

The survey, conducted last month, showed that small and medium-sized companies had reported fewer new orders than in the previous quarter. But companies employing more than 1,000 workers reported "a mild improvement."

Overall, the outlook is gloomy, with 48 per cent of the 231 companies canvassed reporting fewer new orders than six months and a year ago.

Only the largest companies escaped the downward trend, with 44 per cent reporting improved order books.

More companies are cutting staff. Only 13 per cent of companies said they were using their plant to satisfactory effect.

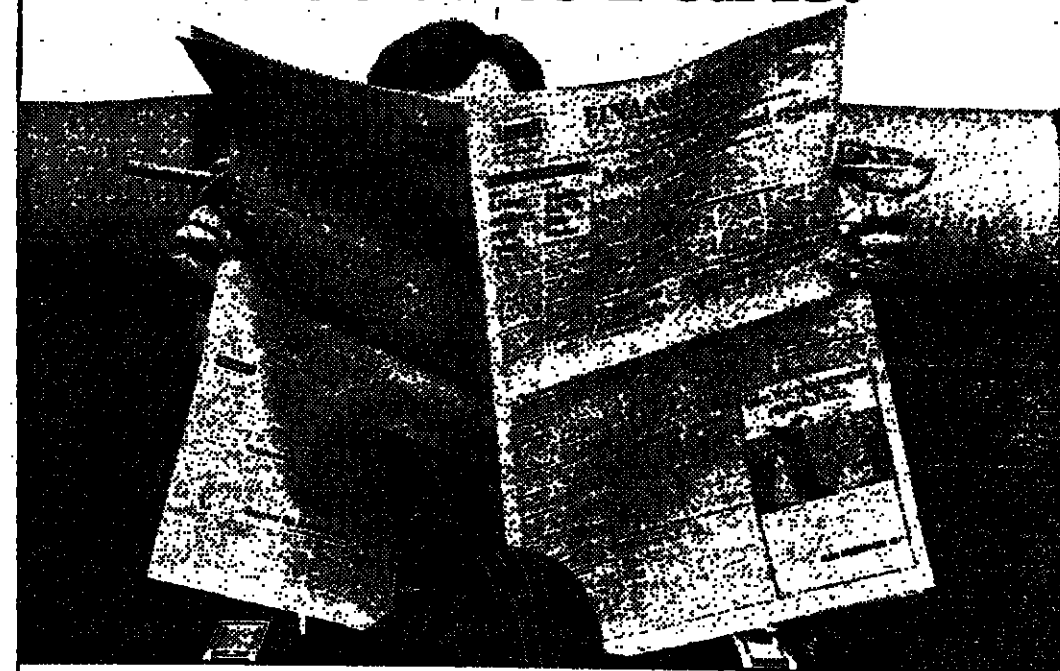
Small companies, whose position had deteriorated since the January survey, faced particular difficulties with a growing proportion of their work at fixed prices, when raw material prices were rising sharply.

About 90 per cent of civil engineering work is for the public sector, which generally seeks to put all contracts lasting less than 12 months on a fixed price basis.

The Federation is receiving reports "not only of tenders being unrealistically squeezed into the 12-month period, but also of companies being asked to tender on a firm price basis for jobs blatantly declared as being over 12 months."

"This policy can only have the effect of sending an increasing number of smaller firms to the wall—and they are the companies which will be particularly needed if the Government's efforts to create enterprise zones and get more construction work back into the private sector are to succeed."

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# We built a new factory. We built a new test track. We built a new truck. Now we'll build your confidence.

The road to the 80's has been a tough one for truck manufacturers.

Environmentalists demanded that trucks should be quieter and pollute the air less.

Operators wanted a truck that performed better for longer and more economically.

The fuel crisis demanded that engines should work harder and drink less. And drivers wanted better safety standards along with all the comforts of home.

Six years ago, it was quite clear to Leyland

can have when building a new truck is a computer.

It gave Roadtrain a chassis frame that achieved the optimum combination of lightness and strength.

It created a shape 35% more windcheating than any other production cab, eliminating the need for bolt-on wind deflectors.

It also helped us to win the 1980 Design Council Award.

But that which can create can also destroy.

When it comes to torture tests, a computer shows no mercy.

Roadtrain was subjected to months of the most gruelling tests that a computer could devise. Tests so severe, even a military vehicle would think of surrendering.

**We asked drivers what they thought of it so far.**

Roadtrain's cab isn't just spacious and comfortable, it's almost indecently so.

Throughout the development of the cab,

dozens of drivers of all shapes and sizes were invited to sample the product.

Their comments not only helped shape the end product, they helped it to operate more efficiently.

## Keeping your truck on the road.

A truck as highly developed as Roadtrain deserves a range of support services that are equally as advanced.

Leyland have recently introduced a fully comprehensive package of services called 'Co-Driver'.

It will also come as a comfort to you to learn that Leyland has the largest distributor network in the country.

Go along and see Roadtrain.

Drive it. Compare it. And feel the unshakeable dedication and commitment that the team of Leyland designers and engineers have had to the T45 project from the start.

A truck built in the spirit of success is going to stay out in front for a long, long time.

that if a truck was to meet the demands of the 80's, it had to be founded on new thinking and advanced technology.

And so the T45 project began in earnest along with a new commitment and philosophy; not just to produce the most advanced Leyland, but a range of trucks that would be ahead of anything else on the road.

In order to achieve this, Leyland invested at unprecedented

levels in advanced technology to design the T45. In building a new plant to produce it. And Europe's most punishing test track to prove it.

No effort was to be spared. No avenue left unexplored.

It was going to

be done. And, more importantly, it was going to be done right.

## Roadtrain. The shape of trucks to come.

Roadtrain 16.28 is the first of the new Leyland trucks to emerge from the T45 project.

It is a giant step forward in both design and engineering terms, yet it remains firmly based on established principles.

So it is evolutionary in concept. Not revolutionary.

Power comes from the Leyland TL12 Flexitorque engine.

A major development of an already proven power unit.

Perfectly matched to the engine is a Spicer 10-speed constant mesh splitter gearbox which is not only more durable, it also gives the driver easier and fewer gear changes.

Leyland helped develop the ultimate in twin-wedge braking for Roadtrain putting more braking surface in contact with the

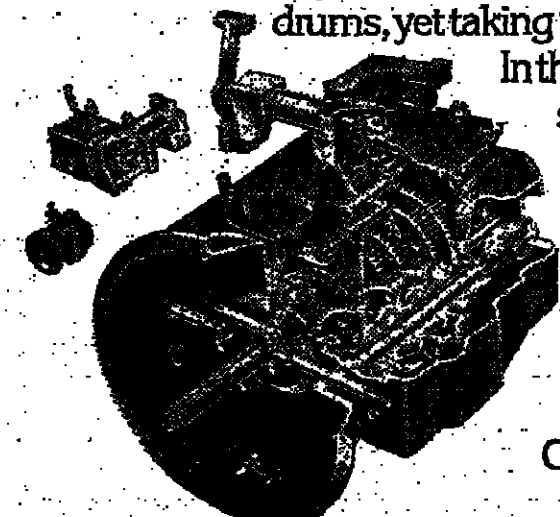
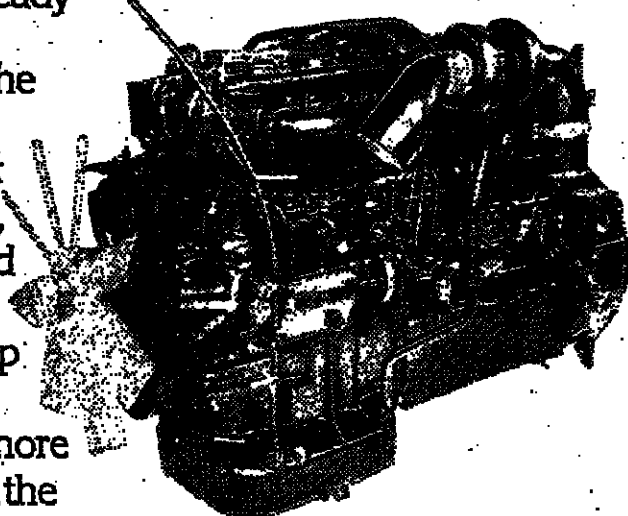
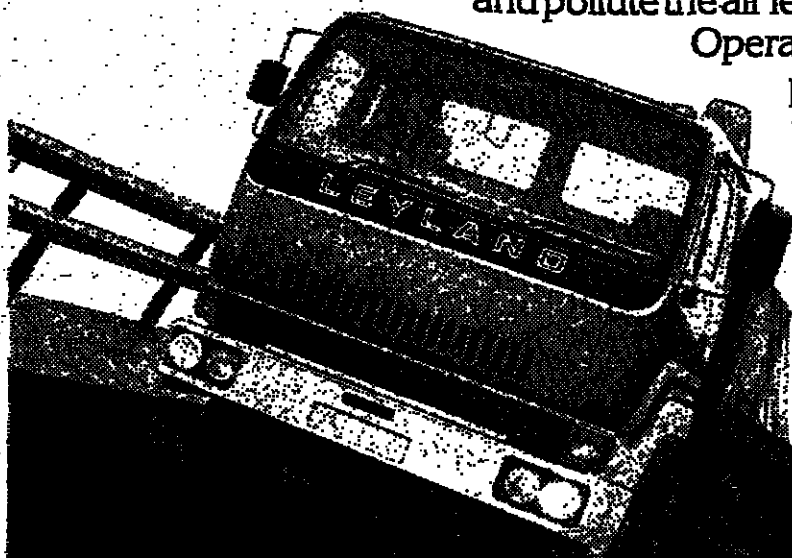
drums, yet taking up less space than conventional systems.

In the original design brief the highest ideals were striven for in terms of performance, durability, driver comfort, safety and reliability.

After the most intensive development and testing programme in Leyland's history, Roadtrain achieves all of these targets.

**Designed by computer.  
Destroyed by computer.**

One of the most useful shaping tools a designer

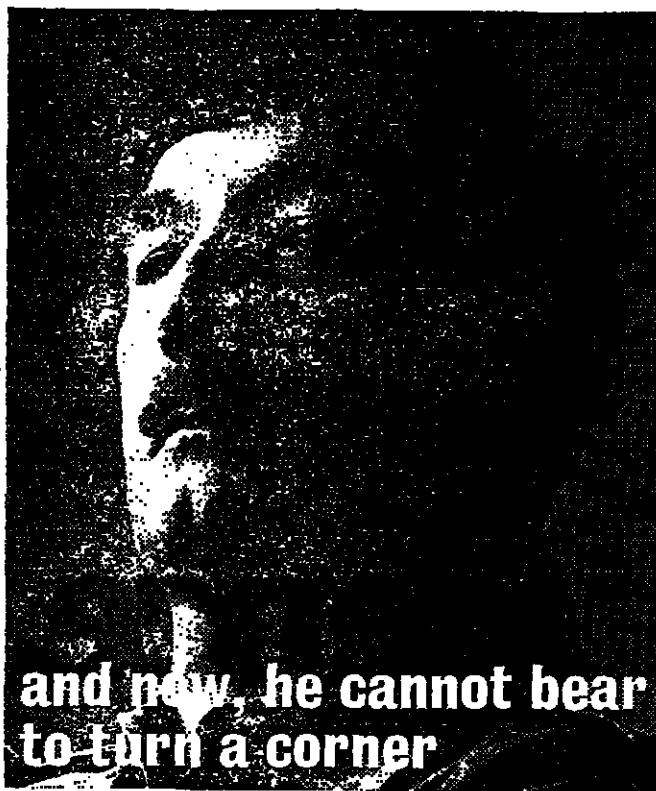


**ROADTRAIN**  
**Leyland Trucks**  
**Delivering the goods.**



## UK NEWS

Perhaps the bravest man I ever knew...



and now, he cannot bear to turn a corner

SIX-FOOT-FOUR SERGEANT "Tiny" G\*...e, DCM., was perhaps the bravest man his Colonel ever knew.

But now, after seeing service in Aden, after being booby-trapped and ambushed again more recently, Sergeant "Tiny" cannot bear to turn a corner. For fear of what is on the other side.

It is the bravest men and women from the Services who suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country.

We look after these brave men and women. We help them at home, and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity. For others, there is our Veterans' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is owed by all of us.

"They've given more than they could—  
please give as much as you can."

**EX-SERVICES  
MENTAL WELFARE SOCIETY**  
37 Thurloe Street, London SW7 2LL. 01-584 8688

## Burmah shareholders press Government

BY ALAN FRIEDMAN

A NEW EFFORT is to be made to settle the five-year-old Burmah affair. The Burmah Shareholders Action Group is urging the Government to return the Bank of England's one-fifth holding in BP to Burmah. The Bank acquired the 20.15 per cent stake in BP at the time of its rescue operation for Burmah in January 1975. Some Conservative MPs, then in opposition, objected to the Labour Government's action and expressed support for Burmah shareholders.

The action group is asking the Prime Minister to "overcome any personal embarrassment and instruct her Cabinet to settle the Burmah affair with honour and without delay."

The request comes in a letter being posted to 150,000 shareholders with Burmah's annual report and accounts.

Mr. Jonathan Stone, of the action group, said yesterday three members of Mrs. Thatcher's Cabinet—Mr. Patrick Jenkin, Mr. Michael Heseltine and Mr. David Howell—had previously criticised the terms of the 1975 rescue operation by which the Bank of England acquired the stake in BP formerly held by Burmah.

"If this affair is as disgraceful now as it was in 1975, then the Government should put it right," Mr. Stone said.

His organisation wanted the speedy return of the BP shares, against the repayment of £179m paid to Burmah, less BP dividends paid since January 1975. The value of the dividends would probably exceed the payment.

The fact that Mr. Denis Thatcher had been a director of Burmah Oil Trading should not inhibit Mrs. Thatcher from moving quickly, said Mr. Stone.

A High Court hearing is expected to start in June 1981, but Mr. Stone said the Government should act before next year.

The letter is being sent to Burmah shareholders under Section 140 of the Companies Act (1948) which allows a group of more than 100 shareholders to send a communication with the annual report if it pertains to matters to be discussed at the annual general meeting. Burmah's annual meeting will be held on June 6.

## Mrs. Thatcher to have first full meeting with Irish Premier

BY STEWART DALY

MRS. THATCHER is to have her first full-length meeting with Mr. Charles Haughey, the Irish Prime Minister, probably on May 20 or 21, when Anglo-Irish relations could be entering a strained period.

Northern Ireland is expected to dominate the talks which are the first on Ulster since Mr. Haughey reported to be a more Republican than his predecessor Mr. Jack Lynch, became Premier last December.

Although Mr. Haughey has adopted a low profile on Ulster generally, he has said that talks between the British and Irish Governments are the only way to achieve a lasting solution to the political violence in the province.

Within a few weeks, the British Government's proposals for devolution in the province are expected to be revealed in a White Paper following the 31 month conference between Mr. Humphrey Atkins, the Secretary of State for Northern Ireland and three of the four main political parties in Northern Ireland.

It has been widely assumed that the White Paper will contain a scheme for a thinly-disguised return to some kind of full-devolved assembly which ensures majority rule for the and falls short of the minimum demand by the Social Democratic and Labour Party, the main Catholic Party in Northern Ireland, for power sharing at an executive level.

## Tax charge 'could harm brewers'

By Gareth Griffiths

BREWERY companies are worried that possible changes in the method of assessing excise duty on beer could endanger the survival of some smaller brewers.

The industry believes a proposal by Customs and Excise to levy tax on the finished product instead of during production might lead to the abolition of the 6 per cent wastage allowance.

This concern is highlighted in a report by brewery analyst Colin Mitchell of stockbrokers Buckmaster and Moore. The report says it is important that the 6 per cent allowance be maintained. Its abolition would hit the smaller breweries more severely.

Mr. Mitchell says if the allowance is abolished under the new scheme some smaller breweries could face severe cash flow pressures.

At present excise duty is levied on the specific gravity of the wort—the liquid produced from the mash before fermentation has started. Customs and Excise would like to see duty levied on the finished product.

A change would present the department with two administrative advantages. Fewer staff would be needed, and the end product system of duty would be in line with likely EEC regulations.

The Brewers' Society will survey its members' reactions to the proposal. It is also likely to lobby the Government strongly for the retention of both the wastage allowance and the six week period of grace for duty payments after the beer is brewed.

## London Weekend and Thames seek breakfast franchise

BY ARTHUR SANDLES

BOTH THE London commercial television franchise holders have said they are eager to take on breakfast broadcasting.

Eight companies have already made official applications to the Independent Broadcasting Authority for the contract for

this new ITV service. London Weekend Television and Thames Television are offering an alternative.

The full LWT application for its own contract—a bid which is opposed by only one rival—Mr. Hughie Green—says: "Should a separate breakfast-time contract not be awarded, it would be the company's intention to hold discussions with the London weekday franchise holder on the feasibility of a common seven day early morning service for viewers in the London regions."

The idea of a common London news service for the capital's television stations is novel. Mr. Bryan Cowell, managing director of Thames—which is also opposed by Mr. Hughie Green—said on Friday that the Company would start breakfast programme if the IBA preferred not to award a contract to a new company.

### SPANISH SE PRICES

1980	May 9	May 8
High	Low	Price
228	228	Barco Bilbao
228	217	Barco Central
228	206	Barco Exterior
228	200	Barco Hispano
127	122	Barco Ind. Cel.
175	141	Barco Madrid
274	237	Barco Santander
190	140	Barco Uruquio
238	206	Barco Vizcaya
209	200	Barco Zamora
108	77	Dragados
62	58	Espanola Zinc
58.5	53.2	Fecas
40	24.5	Gal. Precados
65	58	Hidroila
68	57.5	Iberduero
120	101	Petróleo
73	59	Petróleo
115	107	Sogefia
67	52	Telefonica
66.2	58.2	Union Elec.

### Public Works Loan Board rates

Years	Effective from May 3			Non-quota loans A* repaid		
	Quota loans repaid	at maturity	by EIP†	Quota loans A* repaid	at maturity	by EIP†
Up to 5	14½	14½	14½	15½	15½	15½
Over 5, up to 10	14½	14½	14½	15½	15½	15½
Over 10, up to 15	14½	14½	14½	15½	15½	15½
Over 15, up to 25	14½	14½	14½	15	15	15
Over 25	14½	14½	14½	15	15	15

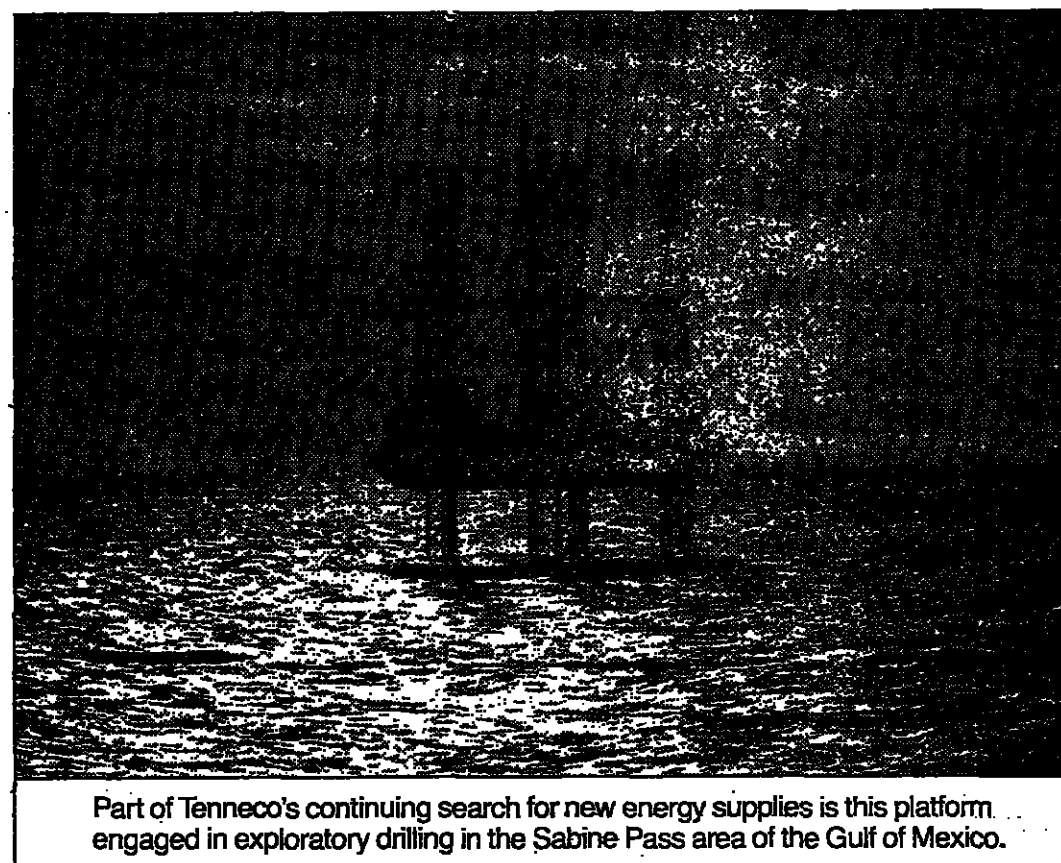
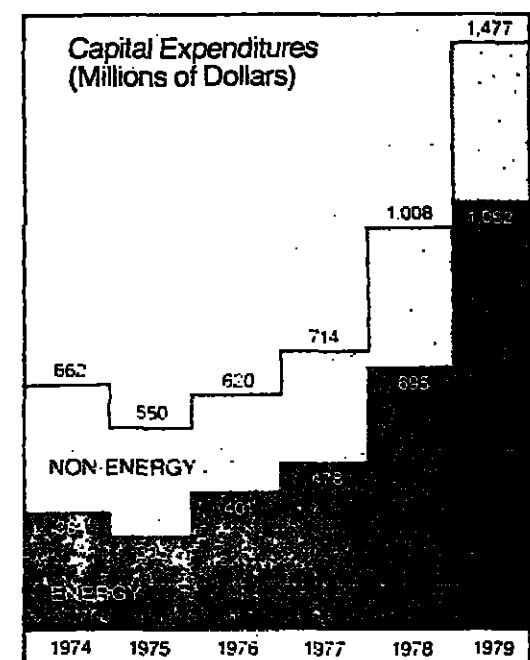
\* Non-quota loans B are 1 per cent higher in each rate than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

## Capital expenditures climb to record \$1.5 billion, with over \$1 billion spent on energy.

Tenneco increased its capital expenditures in 1979 to a record \$1.5 billion, up 47 per cent from 1978 and more than twice the amount of 1977.

More than \$1 billion, or almost double the \$571 million net income for the year, was invested in energy projects—\$953 million for oil and gas exploration, production, refining and marketing and \$109 million for improvements to our 16,000-mile natural gas pipeline system.

In the United States Tenneco acquired almost 1.4 million additional acres of mineral leases and fee lands in promising geologic areas onshore. And we again were very successful in adding offshore leases—12 prime blocks in the Gulf of Mexico, three in the Baltimore Canyon area of the Atlantic, interests in 15 blocks in the unexplored Georges Bank area off Massachusetts, and three in the Beaufort Sea north of the Prudhoe Bay Field in Alaska.



Part of Tenneco's continuing search for new energy supplies is this platform engaged in exploratory drilling in the Sabine Pass area of the Gulf of Mexico.

We also took a 50 percent interest in a giant oil-shale recovery project in Colorado and prepared to enter a test production program in the Athabasca Tar Sands of Canada. We began pipelining natural gas from Mexico, made progress on programs to obtain additional gas from Canada, obtained government approvals to participate in the nation's first commercial-scale plant to convert coal to synthetic natural gas, and continued plans to import liquefied natural gas.

Our energy record for 1979—increases in oil and natural gas production and full replacement of reserves produced, plus success in adding new sources of supply for our natural gas

pipeline system—points to our expectations from these additions and projects. And we expect our energy investments to grow even more in 1980.

Our 1979 investments also included more than \$400 million to expand our diversified non-energy businesses. They include farm and construction equipment, chemicals, automotive components, shipbuilding, agriculture and land management, packaging, and insurance.

That's Tenneco today: growing in energy... and more.

For further information, write Section FT-2 Tenneco Inc., P.O. Box 2511, Houston, TX 77001.

# Tenneco

TENNECO COMPANIES IN THE UNITED KINGDOM INCLUDE:  
ALBRIGHT & WILSON LTD., J.I. CASE COMPANY LTD., DAVID BROWN TRACTORS LTD., GLOBE PETROLEUM SALES LTD., HARMO INDUSTRIES  
POCLAIN LTD., TENNOCO CHEMICALS EUROPE LTD., TENNOCO EUROPE INC., TENNOCO OIL CO., TENNOCO WALKER (UK) LTD.

## Co-operative Bank Group

EXTRACTS FROM THE STATEMENT OF THE CHAIRMAN, SIR ARTHUR SUGDEN

Highlights from the Group Accounts for the year ended 12th January 1980

	1979 £'000	1978 £'000
Total Assets	598,098	458,507
Group Profits before taxation	6,244	5,577
Group Profits after taxation and minority interest	5,941	4,642
Share Capital	8,000	8,000
Reserves	33,260	27,319

### Co-operative Bank Limited

The past year has seen rapid developments in many areas of the Bank's activity.

**Personal Accounts**—expansion continues to be rapid with a 15% growth in account numbers during the year.

**Personal Bankers**—to help ensure a friendlier and more personal touch, selected branches are introducing Personal Bankers, specially trained staff who are allocated specific responsibility for all the requirements of particular groups of customers.

**Small Business sector**—activity in this sector continues to grow, with lending to businesses in general now standing at just under one-third of total lending.

**Handycard**—since its national launch in September 1979, expansion has been rapid, with over 40,000 holders at the end of the year able to use their Card in 600 shops throughout the country—the most widely available card of its type in the United Kingdom.

**Visa**—the Bank has become a "principal member" of Visa, the largest and fastest growing option account credit card operation in the world, and will begin issuing its own Visa Cards during 1980.

**Co-operative Investment Management Limited**—this new company has been established, jointly with merchant bankers S. G. Warburg & Co. Ltd., to meet the needs of co-operative society and trade union pension funds.

**Handybanks**—during the year the number of these convenient in-store banking points has grown with major developments particularly in London and Scotland.

**Customer Service Bureau**—this high-technology centre already houses the Bank's new main-frame computers with many times the capacity of the previous equipment at Manchester, and Bureau equipment now handles a growing proportion of branch back office routines.

**Eurocurrency capital market participation**—the Bank has raised US\$25 million by means of a floating rate capital note issue.

**Leasing**—designed to supplement the activities of F.C. Finance Limited, the Bank's subsidiary finance company, the Bank's own leasing facility has provided a growing service to the Co-operative Movement.

### F.C. Finance Limited

Although the company's activities have expanded during the year, particularly as regards new business, the adverse effects of high interest rates throughout the year have seriously damaged profit performance. Changes in the mix of business have continued, with activity in personal and industrial credit, and in leasing, expanding compared with further reductions in property and construction.

### Holyoake Insurance Brokers Limited

Insurance and investment contracts arranged for Bank Group customers trebled during 1979, and the services offered to customers were extended in several directions. In particular, the new "Club Insurance Scheme," offering what is believed to be the widest form of cover currently available to clubs at competitive rates, is generating a great deal of interest.

### Staff

With continuing rapid expansion coupled with radical adjustments to methods of operation it has not been an easy year for any member of staff. Nevertheless, they have stuck to their tasks with a tremendous sense of purpose and enthusiasm which must augur well for the future of the Group.

Head Office, New Century House, Manchester M60 4EP  
City Office, 80 Cornhill, London EC3V 3NY

The Principal companies of the Group are:

Co-operative Bank Limited  
Co-operative Commercial Bank Limited  
F.C. Finance Limited  
Holyoake Insurance Brokers Limited  
Co-operative Investment Management Limited



Your caring sharing bank



## Report on Lloyd's ready in fortnight

BY JOHN MOORE

THE REPORT into self-regulation at Lloyd's of London is expected to be completed and submitted to Lloyd's ruling committee within the next fortnight, and published next month.

It is likely to reveal among the seven-man working party, chaired by Sir Henry Fisher, which is preparing its differences of opinion on important issues affecting the troubled insurance market.

In the course of its deliberations the working party has drafted a new Act of Parliament covering Lloyd's affairs.

It is the intention of the 16-strong ruling committee of Lloyd's, after adding its own observations to the report, to make the findings public. Full publication is intended, rather than edited highlights.

The inquiry team is not unanimous over all its conclusions. In some matters a majority view has had to suffice. No minority report is planned, although the report is likely to reveal the differences.

The most important difference is likely to be over ownership of underwriting interests by approved Lloyd's insurance brokers. The team has studied how acute are conflicts of inter-

ests between the broker's role as an agent of the assured, and the broker as insurer through the ownership of the underwriting agency companies which manage underwriting syndicates at Lloyd's.

Some of those giving evidence to the Fisher team said underwriting interests should be completely sold off from brokers. Other witnesses said directors of parent broking firms should not sit on boards of underwriting agency subsidiaries. Underwriting agency directors, some said, should not sit on the board of the broking parent company.

### Taken in 1978

The decision to examine Lloyd's powers of self-regulation was taken by the Lloyd's committee in 1978 after a spate of problems in the market, which became public, and after widespread criticism of how Lloyd's dealt with the various troubles.

The working party was chosen by Lloyd's committee. It consists of four members of Lloyd's market, and three outsiders including Sir Henry Fisher.

Its terms of reference were

to examine Lloyd's constitution, the committee's powers, and other matters the working party thought appropriate.

Verbal and written evidence has been gathered during the past 17 months. It comes from all sections of Lloyd's and from parties outside the market.

The draft new Act of Parliament is to add to existing Lloyd's principal Acts of Parliament of 1871 and 1911. Additional bye-laws have been drafted.

Another difference is the question of how much information members of Lloyd's who do not work in the market should receive. Only about a quarter of the 18,500 private members actually work in the market.

The rest provide individual wealth in the form of committed capital, which allows the market to function, in return for a share of profits. Usually, private means of £100,000 has to be shown by prospective members.

There has been criticism by many non-working members that their underwriting agents, the concerns managing their affairs at Lloyd's have not given them adequate information about conduct of their interests within Lloyd's.

## British Aerospace's high hopes for mini jet

● MICHAEL DONNE EXPLAINS PLANS FOR THE BABY AIRBUS

BRITISH AEROSPACE, the State-owned aircraft manufacturer, is now increasingly confident that it will be signing the first contracts with overseas airlines for the new BAe 146 four-engine short-haul jet airliner before the end of this year.

The salesmen have been on the road for several months, and already the group has several "letters of intent" to buy from various undisclosed airlines round the world. These are likely to be converted to firm contracts over the next six months.

The 88-106 seater BAe 146 represents a major investment programme for British Aerospace. Total development cost is likely to be about £250m, of which about £70m had been spent by the end of last year, with another £50m being spent in the current year.

The group, however, believes that it is on to a winner with what has been called the Baby Airbus—an aircraft designed to meet the need for a very short-range, "bus-stop" type of quiet jet that can fly from rough airfields, serving local communities that have never had air services before.

Demand for such an aircraft is immense. Studies by British Aerospace show that the growth in passenger traffic world-wide between now and the end of the century is likely to be about 6 per cent a year.

This will in turn generate a demand for up to 7,500 new airliners of all sizes, from the smallest feeder-liners, down to the smallest feeder-liners, worth in all about \$230bn (over £100bn).

Of this vast market, about 1,650 aircraft, worth about \$26bn, will be for small, very short-range jet airliners—the "bus-stop" types, seating between 70 and 140 passengers.

The British 146 aims to cater for this specialist segment of the market. The aircraft will be offered in two versions—a Series 100, seating about 88 passengers, and a Series 200, seating about 106 passengers. Both will be built on the same production line.

Already, much work has been done. While the salesmen have been on the road, engineers have been pushing ahead on the prototype aircraft.

In the UK, seven British Aerospace factories are at work in various parts of the country—Brough, Chester, Bristol, Manchester, Scottish Aviation at Prestwick, Weybridge and Hatfield (where final assembly will be undertaken).

International companies are also involved. Saab of Sweden is building part of the tail unit and the wing trailing-edges, while Avco group of the U.S. is not only supplying the ALP 502-R3 jet engines (of 6,700 lbs thrust) but also the wings. Short Brothers and Harland,



of Belfast, is supplying the engine pods.

The aim is to get the first aircraft completed this year, for roll-out from the Hatfield assembly line next March. The maiden flight is scheduled for next May. A Certificate of airworthiness is expected to be issued by August 1982, by which time about 12 aircraft will have been built, of which three will be involved in the flight test programme.

The aim is to have 18 aircraft delivered to airlines by the end of 1982, and to be building three aircraft a month by 1983.

It is an ambitious target, but the British Aerospace Aircraft Group team engaged on the 146 is confident it can be achieved. In the sales campaign now

under way, they have already visited no less than 190 airlines and many more will be seen.

From these, they expect to win orders from perhaps 60 to 70 airlines through the 1980s, so that by the end of this decade there could be orders on the book for as many as 400 aircraft.

Whether this will result in a "break-even" position remains uncertain. British Aerospace does not disclose what the break-even production figure is, and will not say what the selling price is—although it is believed to undercut its competitors, such as the Dutch Fokker F-28, the Boeing 737-200 and the McDonnell Douglas DC-9-30, by about \$1m to \$1.5m.

This would put the price per aircraft somewhere between \$12m and \$13m. The aircraft is being sold to the world's airlines on the basis of its fuel economy—the Avco Lycoming ALP-502 engines are described as the "most" fuel-efficient yet developed for any airliner—and its low noise.

The "noise footprint"—that is, the area on the ground at take-off and landing affected by its noise—is said to be about half that of the present-day turbo-propeller airliners, already the quietest in the sky.

British Aerospace recognises that it is taking a calculated risk with the 146. The aircraft is being financed with cash generated internally by British Aerospace, and no outside money is involved, either from the Government or from lending institutions.

The venture is being regarded in the strictest commercial light. Every six months, the Board of British Aerospace reviews the programme harshly, assessing the money spent against progress made. If at any time it becomes apparent that the venture is likely to fail, it will be cancelled.

But, so far, prospects seem good. The market is moving in favour of quiet, small, cheap fuel-efficient aircraft, and the salesmen are encouraged by the interest they have found in world markets so far.

## Steel stockholders' new sales monitor

BY ROY HODSON

STEEL SALES in Britain are to be monitored more closely by a new system devised by the National Association of Steel Stockholders.

The steel market has been confused since the three-month British Steel Corporation strike ended last month. The corporation has found itself competing with a large volume of foreign imports.

The 270 member companies of the stockholders' association, currently handling 40 to 50 per cent of British steel trading, are now co-operating to produce an accurate trends survey.

First indications are that a clearer picture than anything previously available is emerging of the true levels of steel demand in Britain together with the present buying patterns of industrial companies using steel.

The stockholders are major beneficiaries from the misfortunes of British Steel. They are now confident that they will be providing 45 per cent of the steel used in Britain during the rest of 1980 compared with between 36 and 38 per cent in the period in 1979 immediately before the strike.

The main reason for the present confusion in the steel trade is that British Steel is having great difficulty in regaining the levels of business that it held until the strike.

Customers are holding on to second and third lines of supply from foreign steel companies. Many have switched to stockholders and importers for sup-

plies and are reluctant to buy direct again from British Steel.

The association's trends survey is providing up-to-date information to stockholders about levels of trade, trends in credit terms, use of steel stockholding capacity, and whether companies are building or reducing stocks.

Steel stocks in Britain were almost cleared during the strike. Companies using steel and stockholding companies are generally resisting the creation of new stocks while money is dear.

Steel-using companies are expected to work with stocks of between four weeks and eight weeks normal usage this year compared with 12 weeks to 18 weeks stocks held before the strike.

The steel stockholders are also finding advantages in working with lower stock levels. At present they hold about 1m tonnes of finished steel which is about 30 per cent below their pre-strike stock levels.

A certain amount of purchasing from British Steel and from foreign companies to build stocks in the stockholders' warehouses is expected. Levels are not expected to exceed 85 per cent of pre-strike steel stocks.

Stockholders are now estimating that the total impact of the strike on de-stocking on the British steel market together with the trade recession, will be a 10 per cent decline in demand for steel during 1980 compared with the previous year.

# New Vanguard Low Tar with Middle Tar Taste

## You'll believe it when you smoke it! So here's how to get your trial pack.

In an extensive survey 7 out of 10 middle tar smokers sampled thought that the taste of new Low Tar Vanguard matched their regular brand.

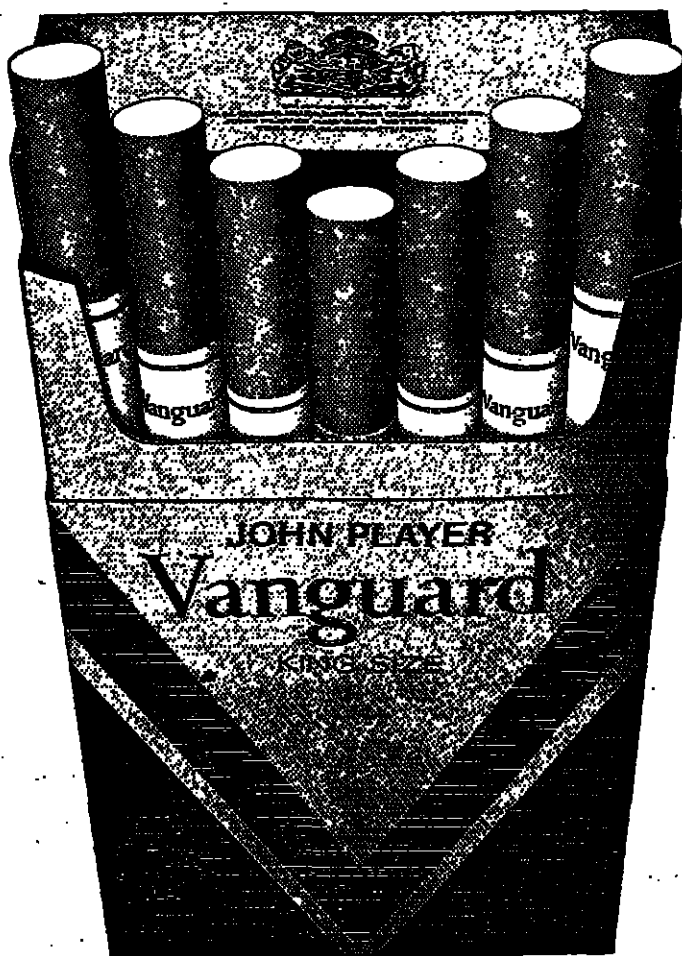
We're so confident that you'll enjoy the taste of low tar Vanguard that we're offering you a trial pack free! Simply post the coupon below together with a pack front from your usual king size cigarettes brand to John Player and Sons, P.O. Box 44, Nottingham NG7 5PY.

In return we'll send you a voucher, redeemable at your tobacconist, for a pack of 20 Vanguard cigarettes—the low tar cigarette with middle tar taste.

Get an early pack—Vanguard will be on nationwide sale soon!

So cut out our coupon. This offer is open to smokers aged 18 or over resident in the UK.

**NOW'S THE TIME TO SWITCH!**



### Your trial pack of 20 cigarettes free!

When you send us the pack front from any brand of king size cigarettes.

Your application must be accompanied by your signature and the offer is strictly limited to one per household and to smokers of king size brands only. Applications must arrive by Friday 23rd May. Please allow 21 days for delivery. TO: JKV20FT JOHN PLAYER AND SONS P.O. BOX 44, NOTTINGHAM NG7 5PY.

Name \_\_\_\_\_  
 (Print)  
 Address \_\_\_\_\_  
 (Print)  
 Post Code \_\_\_\_\_  
 Brand of pack enclosed \_\_\_\_\_  
 I am a smoker aged 18 or over resident in the UK.  
 Signature \_\_\_\_\_

Please post early.  
 TO: JKV20FT JOHN PLAYER AND SONS  
 P.O. BOX 44, NOTTINGHAM NG7 5PY

## INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.



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 London SW1 1SF



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The tar yield of this brand is designed to be LOW TAR. Manufacturer's estimate, April 1980, of group as defined in H.M. Government Tables.

H.M. Government Health Departments' WARNING:  
 CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH



This announcement appears as a matter of record only, March 1980

## KOREA EXCHANGE BANK

US\$500,000,000

Medium Term Syndicated Loan

Lead Managed By

BankAmerica International Group  
Banque Nationale de Paris  
Deutsche Bank (Asia Credit) Limited  
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Morgan Guaranty Trust Company of New York

Bank of Montreal Asia Limited  
Belgian Finance Company Limited  
DG Capital Company Ltd.  
Lloyds Bank International Limited  
National Westminster Bank Group  
Toronto Dominion (Hong Kong) Limited

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Chase Merchant Banking Group  
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Hypobank International S.A.  
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Kuwait Pacific Finance Company Limited

Provided By

Bank of America NT&SA  
Banque Nationale de Paris - Hong Kong  
Deutsche Bank (Asia Credit) Limited  
Gulf International Bank B.S.C.  
Morgan Guaranty Trust Company of New York  
American Express International Banking Corporation  
Banque de la Nacion Argentina New York Branch  
BT Asia Limited  
Marine Midland Bank, N.A.  
European Asian Bank, Seoul Branch  
The Bank of New York  
Midland Bank Limited  
Bank Europaischer Genossenschaftsbanken  
National City Bank - Cleveland  
Landesbank Rheinland-Pfalz und Saar International S.A.  
Al Bahrain Arab African Bank (E.C.) "ALBAAB"  
Australian European Finance Corporation NV  
Banca de Bilbao S.A.  
European American Bank (Bahamas) Limited  
Indian Overseas Bank Foreign Currency Banking Unit  
International Bank of Singapore Limited  
Republic National Bank of New York, Hong Kong Branch

Bank of Montreal  
Belgian Finance Company Limited  
DG Capital Company Ltd.  
LBI Finance (Hong Kong) Limited  
National Westminster (Hong Kong) Limited  
Swiss Bank Corporation, Hong Kong Branch  
Banco di Roma, Hong Kong Branch  
Creditanstalt Bankverein  
Hypobank International S.A.  
Western International Capital Limited  
(Wholly-Owned Subsidiary of United California Bank)  
Kuwait Pacific Finance Company Limited  
Canadian American Bank S.A.  
The National Commercial Bank Saudi Arabia  
The Northern Trust Company  
County Bank Limited  
National Bank of North America  
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Gulf Riyad Bank E.C.  
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## UK NEWS

## Small claims scheme closed by success

BY ROBIN PAULEY

BRITAIN'S only small claims arbitration scheme is to close after nine years because it has become too successful.

The Manchester scheme's caseload has become too heavy, while its funds have been cut as part of local authority economies.

It started as a three-year legal research experiment funded by the Nuffield Foundation in 1971. It would then have closed but the success of the scheme in providing quick, cheap and simple justice for individuals with claims of less than £500 had attracted world-wide attention.

The newly created Greater Manchester County Council asked Mrs. Vera Ellison, a lawyer who founded the project, to expand its coverage to the whole county area. But last year the county allocated £30,000 in grant and then cut it to £20,000. This year funds have been withdrawn altogether. The scheme is not accepting any more new cases, although it will work through its backlog of about 150 outstanding claims until September.

Mrs. Ellison, who runs the scheme with two assistants, said the number of claims increased beyond control since January because 12 consumer advice centres were closed in December as part of the county council's expenditure cuts.

The idea behind the scheme was that both sides in dispute should agree to accept the arbitration's decision. Simple papers were filled in, and for a fee of £1 the case was

heard by a voluntary expert arbitrator.

Many claims were heard on site. In a dispute about a damp course installation against a builder, for example, an architect would be appointed arbitrator. He would visit the house, look under the floor boards and then sit in the living room with both parties, reaching a decision within perhaps half an hour.

Although cases were referred to the centre by citizens advice bureaux or solicitors, no solicitors could appear for either party. The arbitrator could be a lawyer but was more often a technical expert.

The case load rose from fewer than 100 in 1971 to more than 1,000 last year. On increasing number of claims involved car accidents or car repair work. More consultant motor engineers were added to the list of voluntary arbitrators, who often sat in the evenings so that people did not need to take time off work.

## Overtaking

The fastest settlement was reached within one hour. A citizen's advice bureau sent a shopkeeper and a customer to the scheme with a dispute about a pair of jeans. They arrived, filed the papers and paid a £1 at the same time as a textile technologist was hearing some other claims. He settled the claim at the end of his list.

The administrative costs of running the scheme have remained constant since 1971 at £30 per case, achieved largely because of economies of scale.

But with so much work and

no more funds the scheme was overtaking itself as a local private experiment. In addition to 1,000 cases last year the scheme gave advice to another 3,500 people on what action to take or what letters to write next.

Mrs. Ellison is now hoping for funds to support research to demonstrate the need for the county court structure to be reformed nationally, so that each court has a separate small claims arbitration section.

It could use the same buildings and sit in the evenings but without the usual expensive and complicated court apparatus of registrars and lawyers arguing in terms unintelligible to many claimants.

The present limit for a small claim in the county court is £200 and the legal costs involved, particularly in an unsuccessful or long and complicated case can be more than the claim itself.

For a higher claim—say £400—an unsuccessful claimant could risk a bill of thousands of pounds for the case to be heard.

"There is a national problem which needs solving. We need a return to the Middle Ages style of justice where a quick, simple, acceptable decision was made by arbitrators on the spot in disputes at market," Mrs. Ellison said.

The only other small claims arbitration scheme was established as a research project in Westminster, in 1973. It flourished for lack of funds last year.

## SHIPPING REPORT

## Charter business starts to pick up

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THERE WAS little development in tanker freight rates last week, but the volume of chartering business started to pick up, especially for the Ultra-Large Crude Carriers.

London shipping brokers report a rather surprising flurry in demand for these giant ships in the Arabian Gulf. Exxon fixed a 490,000-tonner for loading mid-May on a voyage Westwards out of the Gulf at Worldscale 26. Several slightly smaller ULCC's have been fixed at Worldscale 27.

For trips Eastwards out of the Arabian Gulf rates are better. Shipbrokers E. A. Gibson reported Very Large Crude Carriers are commanding Worldscale 35/37½ while Ultra Large are being fixed at Worldscale 28. Fixtures of Very Large Crude Carriers to the West have been virtually non-existent.

At the smaller end of the tanker market the time charter market continues to be buoyant. Galbraith Wrightson report a 48,000 dwt vessel was fixed for a year at \$12.45, equivalent to

Worldscale 195. Chevron fixed another smaller tanker (32,800 dwt) for six months at the equivalent of Worldscale 248.

In the dry cargo market, the signs are that the recent boom is beginning to peter out. Galbraith Wrightson notes in its weekly bulk carrier report that demand for U.S. and Japanese steel is declining and this will soon have an impact on steel mills.

U.S. steel mills are working at close to 80 per cent capacity compared with 90 per cent a couple of months ago.

## Managers' plea over shipbuilding

By Our Labour Staff

SHIPYARD MANAGERS have joined workers in their opposition to Government plans to sell off parts of their industry.

Mr. Adrian Askew, acting general secretary of the Shipbuilding and Allied Industries Management Association, said efficiency and viability could only come about if the shipbuilding industry remained united in the face of one of the worst recessions in history.

He said at the union's annual delegate conference at the weekend in Newcastle: "The Government should without further delay abandon any plans to sell off parts of British Shipbuilders. The industry should not become some kind of ideological football."

Mr. Askew welcomed Mr. Robert Atkinson's appointment as chairman of British Shipbuilders, however, he said his association would seek assurances that British Shipbuilders would be kept united and that Mr. Atkinson was not "some kind of hatchet man."

A motion was passed overwhelmingly by the conference expressing solidarity with the Confederation of Shipbuilding and Engineering Unions in opposing the fragmentation of the industry and invited the Government "specifically to repudiate any such intention."

Mr. John Parker, board member for shipbuilding at British Shipbuilders, told delegates that recovery to balance between supply and demand in the shipbuilding industry was still two years away. Even then it was dependent on a number of things including the growth in world trade and the rate at which old tonnage was scrapped.

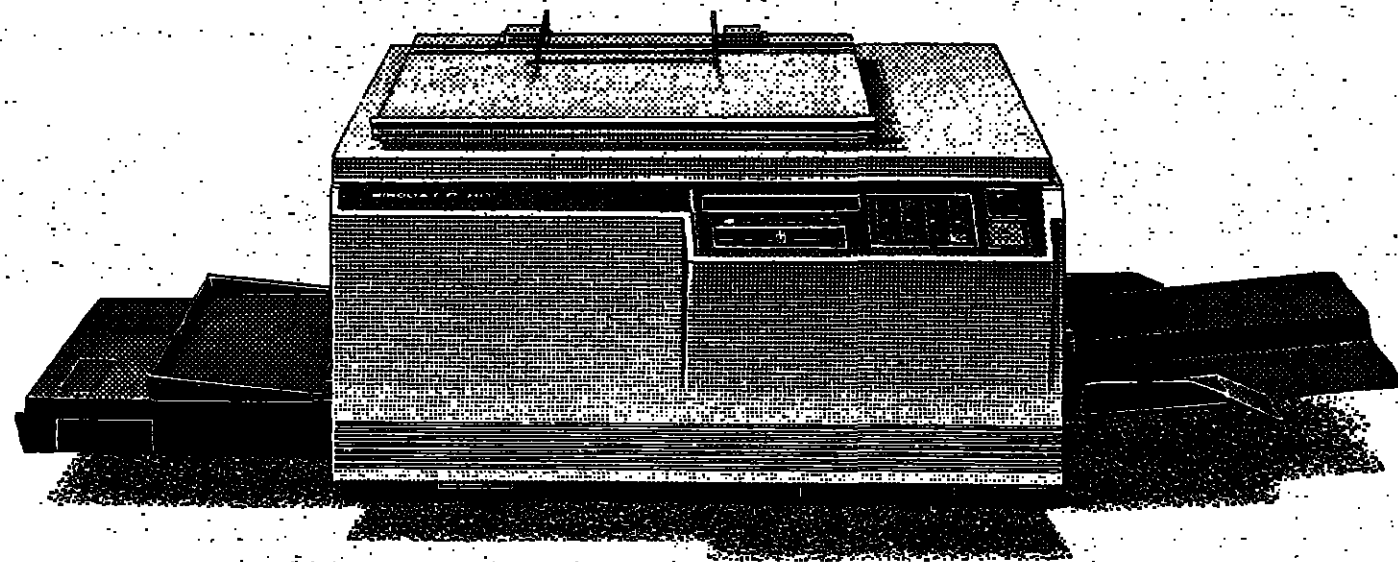
But he said that when the recovery did come it could be quite sharp.

"We need one good final shove to get us across the golf," he said, adding that the corporation's target order book of 4000,000 gross registered tonnes by this summer was "well on the way to being met."

He said the greatest threat remained uncertainty surrounding public sector orders which British Shipbuilders had planned for last summer.

Mr. Parker said one of the things he wanted was a fairer deal for British shipowners on vessel finance.

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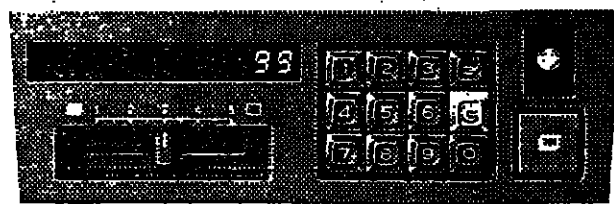
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## UK NEWS - LABOUR

NEWS ANALYSIS • IPCS AND CPSA CONFERENCES

# Unions threaten Civil Service pay system

BY PHILIP BASSETT, LABOUR STAFF

TWO OF the largest unions in the Civil Service are today poised to withdraw from the long running comparability system which determines their members' annual pay increases.

Final indications yesterday before the annual conferences of the Civil and Public Services Association and the Institution of Professional Civil Servants open today, in Southport and Eastbourne respectively, were that Mr. Ken Thomas, CPSA general secretary, would succeed in preventing CPSA withdrawal, but that the IPCS is likely to pull out.

Withdrawal of even one union would be a serious blow to the pay research system, which annually shows rises due to civil servants by comparing their pay and fringe benefits with those of industry.

The Government would probably welcome the Civil Service unions themselves dismantling what many believe has been a piece of inflation-stoking machinery since its inception in 1956, following the report of the Priestley Royal Commission on pay in the Service.

Ever since, governments have had to pay out the often embarrassingly large rises pay research shows are due.

Government efforts to control the system, for instance, by making it subject to cash limits this and last year, have not resolved the annual dilemma. The Prime Minister must be pleased at the prospect of the unions themselves resolving it for this particular Government.

Other TUC unions are astonished at the prospect of the two unions voluntarily withdrawing from what the Transport and General Workers' Union research department has called "the most professional and expert job-for-job comparison exercise available."

A number of unions disappointed at the results of Clegg and other comparability exercises last year looked longingly at pay research. Even Prof. Clegg himself would like to see his comparability commission accepting fewer stop-gap references and taking on a role akin to that of the pay research unit.

So why are two unions, representing about half of the 550,000 white-collar civil servants, considering withdrawal? For the IPCS, the answer lies mainly in a bitterly

disappointing arbitration award for half its members earlier this year. For the CPSA, long wracked by factional divisions, it lies mostly in the conflicts of its internal politics.

Though for years the more moderate of the two unions, the IPCS seems more determined than the CPSA to be rid of pay research. The union led its 50,000 professional and technical members into their first major strike last summer. The IPCS eventually agreed to go to arbitration, but the award, though it gave increases of 19.27 per cent, was a disastrous blow.

It went right against the basis on which settlements for the P & T group had been reached over the years, and was widely seen as a resounding victory for

TUC unions are astonished at the prospect of the CPSA and IPCS voluntarily withdrawing from what the Transport and General Workers' Union research department has called "the most professional and expert job-for-job comparison exercise available."

the Civil Service Department. The IPCS responded by refusing all co-operation with pay research after this year. Conference is expected to endorse the decision tomorrow.

The union argues that pay research has become a straight-jacket that it has failed to keep Civil Service pay abreast of rising pay and prices, and that it has failed in one of the main aims outlined by Priestley in 1955, of protecting pay in the service from political intervention. Crucially, it has failed to maintain internal pay relationships at present top grade blue collar civil servants are earning more than the IPCS organised supervisors they work for. The union is seeking for a new system which would restore differentials.

Thinking on pay research in the CPSA, as on most matters in the union, is split between left and right. The left would like to be free to determine pay increases by any combination of comparability,

collective bargaining and industrial action.

The left argues that the Government has repeatedly disregarded the present pay agreement. Because cash limits for the service are set before its pay settlement date of April 1, both pay research and negotiations which follow it have become irrelevant; and in any case, comparing low-paid members of the CPSA with low-paid workers outside the service simply promulgates the pay problem rather than dealing with it.

The right supports pay research, partly because the moderates are reluctant to take industrial action and doubt its effectiveness. They see the left's tactics as being politically rather than industrially motivated.

Mr. Ken Thomas, CPSA general secretary, thinks that without the pay research benchmark, this year's settlement would have been held down to the 14 per cent provided for in the cash limit, instead of the 18.75 per cent achieved.

He says withdrawal would mean the union would have to "book out tickets and depart forthwith for the wilderness." Despite political manoeuvring by the left over the conference agenda, Mr. Thomas's personal popularity is expected to sway the delegates.

Technically, it needs a two-thirds majority of representatives from all nine Civil Service unions to give the required six month's notice on the present pay research-based pay agreement. Under the new representative arrangement of the Council of Civil Service Unions, brought in this month to replace the old national Staff side, the CPSA and IPCS between them can muster 81 out of the 83 seats.

The second largest union, the Society of Civil and Public Servants, whose pay research comparisons with higher-paid bank and insurance staff tend to produce satisfactory increases for its members, will not lend its support. But if the CPSA and IPCS could win over other unions dissatisfied with pay research, the two-thirds majority could be achieved.

Even if only the IPCS stands out against pay research, the system would be seriously undermined, threatening the future of a much-envied body for the other Civil Service unions.

## No talks fixed in ITN dispute

BY GARETH GRIFFITHS

INDEPENDENT Television News is likely to remain blacked out until at least the middle of the week because of a dispute over electronic news gathering technology between the ITN management and the Association of Cinematograph, Television and Allied Technicians.

Mr. David Nicholas, ITN's editor, said yesterday he could not see any possibility of transmitting programmes before Tuesday and perhaps

later. No talks had been arranged with the union. ITN says it is prepared to meet union officials at any time.

The dispute over the handling of news material handled by Electronic News Gathering (ENG) equipment started on Friday when ACTT members at ITN refused to handle material from Gramplan Television. ITN says such material has been handled in the past and is now a customary part of normal work.

Mr. Nicholas said ITN

could not accept that such material should be subject to veto by local union officials. The company had held talks with the ACTT over a local ENG agreement since November. It had invoked a procedure laid down at the end of the ITV strike in the autumn, in order to break the deadlock.

About 250 ACTT members at ITN are involved in the dispute. They rejected the ITN local new technology proposals at the end of March.

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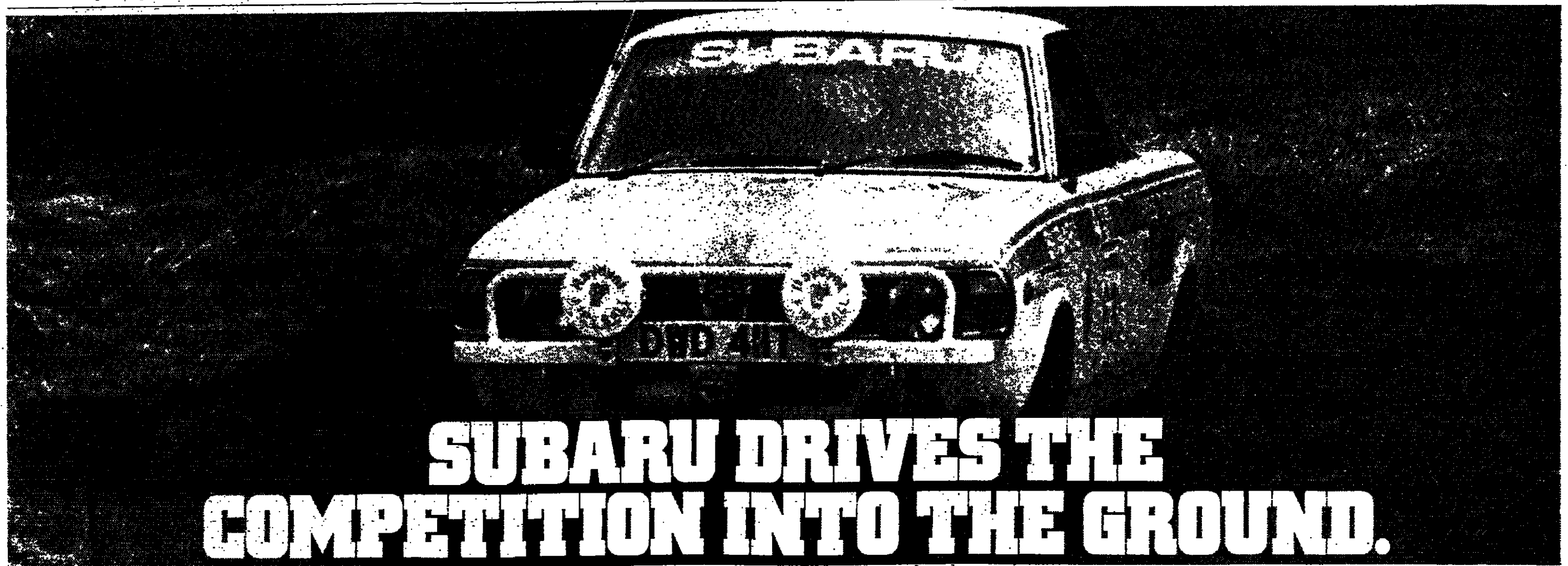
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# Building and Civil Engineering

## Major awards to Taylor Woodrow

MAIN CONTRACTOR for the construction of a 10-storey office block at Farringdon Street in the City of London is Taylor Woodrow Construction. Norwich Union Insurance Group is funding the development estimated to be worth about £10m.

Architects are R. Seifert and Partners, quantity surveyors, Rider Hunt and Partners, and consulting engineers (structural) Taylor Woodrow's architectural design division, with services by the company's mechanical, electrical and process division.

Work involves the erection and completion of the block which will provide some 96,000 ft of net office space. Also included are service areas in the basement and at roof level, and parking facilities at ground floor level. A restaurant will be provided at basement level.

The building has a reinforced concrete frame on piled foundations with a granite facing to the Farringdon Street elevation; pre-cast aggregate panels to the remaining elevations; and some brickwork at ground level.

Provision is made in the contract for all plumbing, mechanical, electrical and lift installations, air conditioning, suspended ceilings, carpeting and other furnishings.

External work to be undertaken includes paving, drainage, mains connection, landscaping and ancillary works.

The project is now underway and completion is scheduled for autumn 1981.

British Airports Authority has appointed the company as managing contractor for the new terminal four complex at Heathrow airport which is to handle 5m passengers a year (bringing Heathrow's capacity up to £38m passengers a year).

This project is estimated to cost £150m and includes a terminal building, forecourts, aprons and taxiways, multi-storey car park, link to the cargo tunnel, a new connection to the A30, and landscaping with noise barriers and blast screens. Design also allows for future underground rail links.

## £3m housing by Lovell

WORK HAS been started by Y. J. Lovell on a two-year project, at Bewbush North, Ifield, Crawley, Sussex. The contract calls for 178 three-bedroom, four and five-person houses using the Lovell timber frame housing system. When the dwellings are completed, over 700 homes will have been built on the estate by Lovell, for Crawley Borough Council, under contracts totalling nearly £10m.

This latest contract involves building the houses in 22 terraced blocks using eight house types. Cladding will be in brickwork, with tile or timber sections on some of the dwellings.

## Rush and Tompkins busy

LARGEST OF the latest contracts awarded to Rush and Tompkins totalling £5.25m is worth £1.93m and is for the construction of a factory and offices for the Imperial Group at Melbourn, Cambridge.

Work is due to start shortly on a £400,000 warehouse extension and loading bay for Brunton and Co., at Wandsworth in south east London, and two refurbishments have recently started in central London. One of the latter is for improvements to offices at 207-209, Regent Street, W1 under a £394,000 contract for the Crown Estate Commissioners, and the other is for alterations and refurbishment of the Drum Bar at Waterloo Station to form a fast food unit for British Transport Hotels (BTH).

The latter project is valued at

£382,000 and will be the second refurbishment within a year that Rush and Tompkins has carried out for BTH in association with the architects Stewart McColl Design Associates.

The company also has three contracts in the North East of which the largest, worth £1.65m is for alterations and additions to the Greater Lancashire Co-operative Society's store in Market Square, Lancaster. This involves demolition of part of the existing store, rebuilding behind an existing facade and alterations to that part of the premises which is being retained.

Other jobs in the North East are a £120,000 contract for Boots at Billingham and a £376,000 project for Blackett Hutton and Co. at Guisborough. Cleveland calling for testing facilities, a pattern store and ancillary works.

## Midlands work for Laing

TWO CONTRACTS totalling together nearly £4m have been won in the Midlands by John Laing Construction.

The company will build a two-storey geriatric ward block and a day hospital at the George Eliot Hospital in Heath End Road, Nuneaton, under a contract worth more than £2.3m for the West Midlands Regional Health Authority. Work is due to start this summer with completion scheduled within the next two years.

Construction will be of pre-cast concrete frame with brick cladding and the contract also

includes alterations and extensions to the existing hospital kitchens and dining room, together with external works.

At Birmingham General Hospital, the old casualty block is being demolished to make way for a new teaching block being built for the University of Birmingham in association with the Health Authority. This project is worth £1.5m and will be constructed in reinforced frame on pile foundations with brick cladding and a mainly pitched, tiled roof. Work also includes provision of all electrical and mechanical services plus lifts and fixed laboratory furniture.

## £9.8m office block

UNDER A £9.8m contract from Heathersett Investments, Sir Robert McAlpine and Sons is to build an office block in Monument Street, London, opposite Billingsgate Market.

On a restricted 1,800 square metres site, the eventual 40-metre high structure, measuring 70 metres by 16 metres on plan, will offer some 12,000 square metres of office space.

crete frame construction, externally clad in brickwork, it will be supported on piled foundations following 10,000 cubic metres of excavation to a maximum depth of 12 metres. The architect is R. Seifert and Partners, quantity surveying will be by Cyril Sweett and engineers are Pell Frischmann and Partners. Completion is programmed for mid-1982.

## East London road study

A SCHEME for a new road linking the A13 at Beckton in East London to the A2 at Falconwood, Kent, is to be studied for the Department of Transport by Sir William Halcrow and Partners.

Such a road, 9 km long, would involve a new crossing of the Thames, and would assist the development of the East London Docklands by providing adequate access to the trunk road network in London and beyond.

Halcrow's report will compare possible alternatives on engineering and environmental grounds and will assess whether the scheme is justified in traffic and economic terms. On completion of their report the consultants will organise a "public

consultation," when members of the public will be asked to give their opinions by completing questionnaires.

The standard of the road will be based on traffic predictions to be made by the consultants, but the terms of reference specify that it shall not be less than that of the North Circular Road, which is a dual 2-lane all-purpose road. It has not yet been decided whether the river crossing will be a bridge or a tunnel, and evaluation of both alternatives forms part of the consultants' brief, as does the location of the crossing.

Halcrow's appraisal of the scheme is required by Spring 1981, with a view to the public consultation being held in the autumn of that year.

## £9m worth to Lelliott

NUMBER OF different contracts just announced by John Lelliott total about £2m, and include a £650,000 refurbishment and upgrading office and factory project for Pasolds at Langley, Slough.

Two jobs for McDonalds Golden Arch Restaurants are worth about £1m and are for the formation of premises in Staines and London's Tottenham Court Road.

Work has also started on a DIY centre in London SW19 for Wickes Building Supplies under a £607,000 contract.

Other work includes alterations and fitting out of a banking hall and offices in the City of London for Banco de la Nacion Argentina.

## More work for Monk

SIX CONTRACTS, comprising engineering work mainly in the north east, and a pipeline in East Suffolk, combine to make a total of about £2.8m awarded to A. Monk and Company.

Work at Doncaster for British Rail is valued at over £200,000 and covers railway embankment widening near Frickley. Resurfacing of runways, hangar aprons, taxiway, and a camp road, make up a £607,000 award from the Property Services Agency at the Allandale Barracks, Topcliffe, north Yorkshire.

Improvements to the Leeds southern ring road are worth another £118,800, and include 860 metres of dual carriageway on the A610, plus a roundabout, at its junction with Royds Lane.

## Tribute to Wimpey

GEORGE WIMPEY has won the "Man of the Year" award presented annually by Construction News.

It has been won in Wimpey's centenary year when guests at a luncheon in London last week to mark the occasion were reminded that the business was acquired in 1919 for under £3,000 and, today, turnover is over £1,000m.

Speaking at the presentation of the award, Mr. Gordon Brunton, chairman of the civil engineering economic development committee and managing director of The Thomson Organisation said it would be misleading to deduce that after 100 years of strenuous effort that Wimpey was beginning to flag. On the contrary it was very apparent that since recent management reconstruction the group had been given new impetus.

## Nottingham concert hall

BOVIS HAS just started work on a 2,500 seat concert hall under a £7.5m contract awarded by Nottingham City Council.

This will be built on the City's island site alongside the Theatre Royal (which was rebuilt and restored to its original style by the company during 1975-77).

Bovis is again involved with Renton Howard Wood Levin Partnership—also architects for the restoration of the theatre—in this complex design.

Both buildings will be linked at street level with a new central box office which will cater for the entire complex.

The interior of the concert hall has multi-level foyers with bars, busts and general meeting areas, which will be linked by a glazed staircase which will spiral up and out. Two passenger lifts will also prove access to all levels.

## Steel for Cyprus

SEROPHSHIRE-BASED structural engineer, W. H. Smith & Co. (Whitchurch) is to supply and supervise erection of 1,500 tonnes of steel for the Dhekelia B power station in Cyprus.

The order was placed by the consortium of George P. Zachariades and Atlas Pantou Co., of Limassol, and delivery is scheduled for July to September this year.

Consulting engineers for the project are Scott Wilson Kirkpatrick and Partners of Basingstoke.

## Award to Turriff

CONSTRUCTION of the Castington Young Offenders Establishment, Morpeth, Northumberland, is to be under taken by Turriff under a £1.6m award from the Home Office.

The contract includes the superstructure for the reception, kitchen, living and sports hall blocks and there will be a new administration block, and a control/surgery block. The brick and concrete structure is to be of conventional design and there will be associated landscaping to include trees.

Architects are D. A. Reed and Associates in association with the Home Office Directorate of Works; quantity surveyors are Crosher and James. Completion is due in the spring of 1982.

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## Industrial project

BRYANT-SAMUEL Investments, in association with the Standard Life Assurance Company, has commenced development of a major, new 30-acre industrial site at Solihull, west Midlands where Bryant Construction will be carrying out the work.

Called Monkspath Industrial Park, Solihull, the site is located about 800 yards from the M42 junction with the A33 Birmingham to Oxford trunk road, with the NEC, Birmingham Airport, the station a few minutes drive away.

The site will produce over 900,000 square feet of new warehouse and industrial accommodation, and work on the first phase is beginning, with the result that almost 200,000 square feet will be released between June and August this year.

Traffic flow will be controlled by a management office at the main entrance and the whole area will be landscaped to enhance the surroundings, which include a 60-acre public amenity area. This will be created in conjunction with the local authority and will be dedicated by the Insurance group to Solihull Council with a full security control maintained on the estate by the landlord.

Architect is Peter Hing and Jones; quantity surveyors Hart Gilmore Associates; and building work is being carried out by Bryant Construction.

The units will be available on lease for industrial or warehousing purposes, and rents for the first phase will be from £2.30 per sq ft.

Joint agents are Phoenix Beard and Grimley and Son.

## IN BRIEF

● Haden Young has been awarded an £800,000 contract for the installation of all mechanical services for new office in the London Crosswall development which comprises office and residential accommodation in two linked blocks.

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# FINANCIAL TIMES SURVEY

Monday May 12 1980

## Word Processing

The means exist now to greatly increase the efficiency of the office, so that many laborious tasks, and some complicated ones, can be done by machines. A race to supply the varied hardware to do this work has developed between manufacturers, big and small who are anxious to win a strong position in the market.

### Assault on the office of 1980s

By Guy de Jonquieres

A REGIMENT of salesmen, armed with all manner of time-and-motion studies, flow charts and impressive-looking statistics on workers' productivity, is waging a vigorous campaign to bring automation to the office of the 1980s. If your office has not yet been visited by these advance guards of the technological revolution, the chances are that it soon will be.

The marketing arguments deployed invariably emphasise how superlatively—by comparison with the factory—the office has been affected by automation until now. The latest machines which will change this pattern will be on show at the International Word Processing Exhibition at Wembley Conference Centre from May 20-3.

Most of the innovations introduced since 1900, like the electric typewriter and the photocopier, have been aimed at simplifying and speeding the performance of existing operations rather than at changing their essential characteristics.

But the means exist today to increase greatly the output and efficiency of the office by turning over to machines many of the most common and repetitive tasks which hitherto had to be performed mainly or exclusively by human beings. Automation, it is argued, will not only free office personnel to concentrate more on issues requiring human judgment and decision, but with staff overheads constantly rising, and the cost of the latest electronic technology falling, there may in the longer run be no option but to automate.

The word processor will be the starting point chosen by many companies wishing to put the fruits of the latest technology to work. An estimated 60 companies are marketing such machines in Britain alone, and the prospective customer may well find that his main difficulty in deciding to make a purchase lies in selecting one model from dozens of different products competing for his attention.

#### Evolution

Though capable, if properly employed, of having a dramatic impact on efficiency, word processors do not in themselves represent a revolution in technology. Rather, they are the product of a steady and clearly traceable evolution which began with the invention of the manual typewriter.

The main feature which distinguishes a typewriter from a word processor is the addition of a memory, enabling information fed into the machine via the keyboard to be stored and

played back later. One of the first word processors, the Sholz, developed in the U.S. early this century, used folded punched cards. This was followed in the 1940s by the Friden Flexowriter, also American, which used punched paper tapes; these could be swapped around at will to allow information from a variety of different sources to be compiled into a single document.

The next step, pioneered by IBM in the early 1960s, was to replace paper by magnetic tape, then by magnetic cards, enabling an operator to make limited textual amendments. But the biggest advance of all, largely responsible for the growing versatility and popularity of word processors, has been the development over the past five or so years of inexpensive chip-based micro-processors and electronic memories.

The advent of the micro-processor has made it easier to apply computing power to word processing. This has meant that not only the content of a document can be changed, but its format too. Modern word processors allow the operator to remove, insert and re-order whole paragraphs, as well as individual words, while ensuring that columns of text are automatically justified (i.e. have flush sides) and hyphens inserted where appropriate.

The more sophisticated machines offer other features as well, including the capacity to list names in alphabetical order, to search for and retrieve files and to substitute one word or phrase for another consistently throughout a docu-

ment. Some machines also permit simple calculations, such as addition, to be carried out and the results to be inserted in the text.

This expansion of functions has been accompanied by improvements in hardware. Since the early 1970s word processors have sprouted video display units (VDUs), similar to television screens, on which information can be shown while it is being worked on via the keyboard.

The VDU was developed originally as a way to display data generated by computer and transmitted at speeds too high for a conventional printer to handle. But its arrival has also facilitated the task of manipulating information when extensive editing is required.

#### Clearer

Printers have been improved, too; the near universal use of fixed carriages and moving heads has led to clearer and more even reproduction of characters than on a typewriter. The golf ball head, borrowed from the typewriter, is still common where low speeds are adequate, though revolving "daisy wheel" printers, which are up to four times faster, are rapidly gaining in popularity.

More recently, ink jet printers have been offered by a number of manufacturers. These spray tiny jets of ink on to the paper, forming patterns of closely-spaced dots which, to the naked eye, appear as characters. Though they are almost twice as fast as daisy wheels, the quality of ink jet printers is not quite as high.

Sharp reductions in memory costs have extended the range of storage media that can practically be attached to a word processor. Magnetic cards, which can store only about five pages of text, have mostly given way to tape cassettes and, increasingly, to flexible discs, which can store up to 160 pages at reasonable cost. The new generation of high-density storage rigid discs, just starting to reach the market, may prove worthwhile for larger installations, though they are quite expensive.

The benefits to be obtained from word processing vary, as might be expected, according to the type of material being processed, its volume and the size of organisation in which it is being performed. A study by the Civil Service Department published last year found that in a Government office output of mixed typing loads was between 10 and 70 per cent higher than when using electric typewriters. The biggest gains were achieved when extensive textual amendment was required and when repetitive and multiple address material was being handled. For "one-off" documents and correspondence, the improvement was comparatively small.

The prospective user must make a basic choice about the type of word processing installation that suits his needs. If his organisation is small, with only one office, he probably should choose a "stand alone" machine which, as its name suggests, is an autonomous unit. For larger scale applications, the likely solution will be a clustered configuration, in which several

word processor terminals are linked to a single, central processing and memory facility. Printers may be scattered in a variety of locations.

It seems unlikely that most executives will want to operate the machines themselves, once the initial novelty has worn off. Typically, they will dictate a letter to a secretary who will "key" the text into the machine and run off a draft copy.

#### Final version

After this has been checked by the author, any corrections can be made on the VDU screen and the final version printed out. The text of standard letters can be stored for long periods in the word processor and arrangements can be made to allow manual insertion of words and phrases, at specified points where updating of text or a more personal touch are required.

But the real value of word processing lies not just in its ability to speed up the output of printed paper; it promises in the future also to reduce radically the sheer volume of paper that needs to be shifted from one place to another. This can be done by linking distant word processors together in an electronic mail system.

It would work like this: an executive who wished to communicate with another businessman 1,000 miles away would have his message "keyed in" to a word-processing device. It would then be converted into digital pulses and sent over a telephone line to another machine at the receiving end,

which would alert the intended recipient that a message had just arrived. Then, by pressing a button, he could call it up on his VDU screen, have a hard copy printed or have the message stored in a computer memory for future reference.

Transmission would cost only a fraction of the price of sending a first-class letter and would take place in a few seconds. Moreover, the whole operation could take place without the message ever being committed to paper, if the sender and the recipient so wished.

A further logical step is to integrate word and data processing in one system. Many word processors are in fact specially adapted microcomputers, though on most of them the two functions are not integrated. Among those companies which have gone furthest towards full integration is Wang of the U.S., and others seem certain to follow this trend.

At some point in the future, technology will no doubt permit offices to be built up around individual work stations. These would be desks equipped with VDUs, keyboards, telephones and perhaps copiers and facsimile as well. The information flow between these terminals would be carried in digital form, both inside the same office and between distant locations.

Before this can be done, satisfactory solutions must be found to the intricate problems of devising software which enables all the different elements in such an integrated system to work together smoothly. This is likely to prove a major task, though systems

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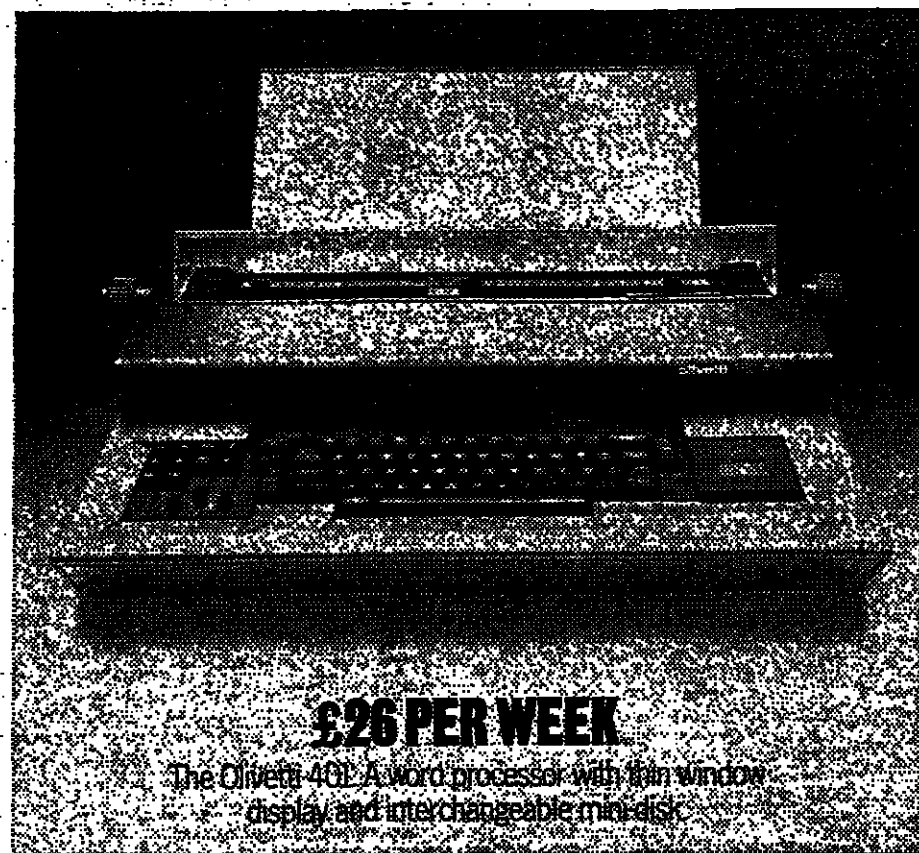
they will make major progress over the next few years.

However, the speed with which such schemes are put into effect will not be governed by technical factors alone. Complex social considerations will play an increasingly important role. Office automation, if it is to make its full contribution to increased efficiency and productivity, almost certainly will entail far-reaching upheavals in established routines.

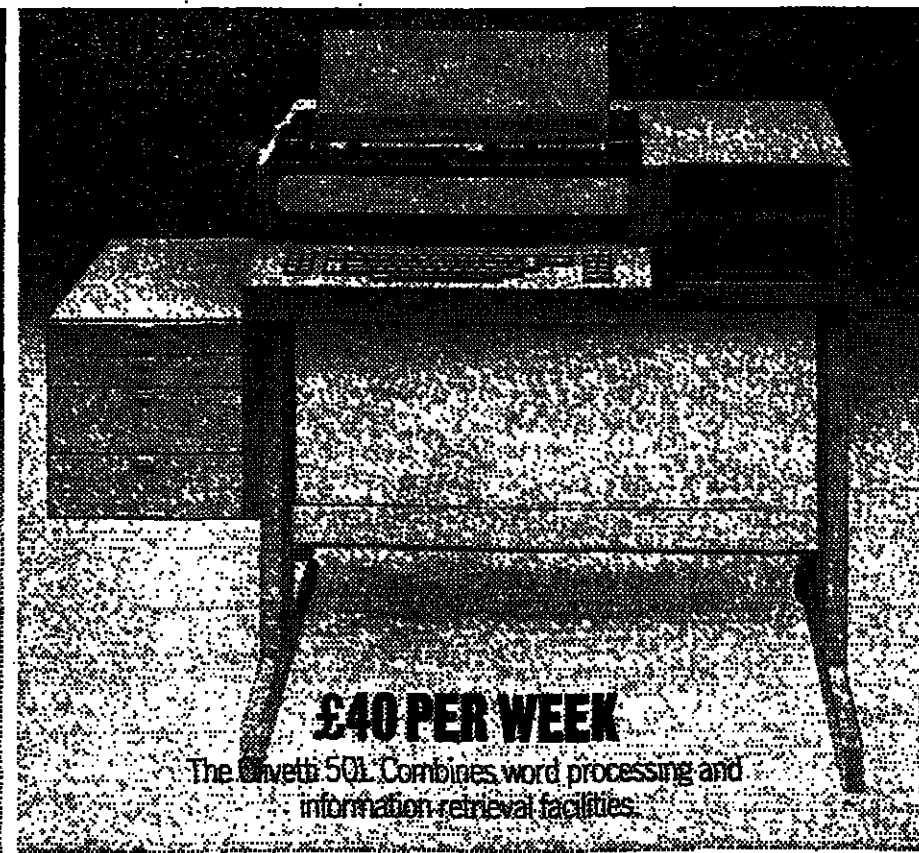
Many existing jobs will have to be redefined, and some may well be lost. Inevitably and understandably, there is certain to be resistance from a number of quarters to too rapid a pace of change.

The manager of tomorrow who contemplates embarking on such a change will have to be able not only to master the essentials of the latest developments of technology; he must also be prepared to deal with the very real human and psychological implications which flow from them.

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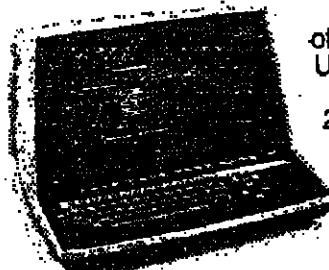
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## WORD PROCESSING II

# Electronic mail replacing work of the secretary

AT ITS offices in Tulsa, Oklahoma, the U.S. oil company Amoco is in the process of phasing out the secretary. When an executive wants to send a letter, he calls up a central word processing facility and dictates the text. An operator then enters it into a computer via a keyboard and it is edited by the executive, either in hard copy form (i.e. printed on paper) or on a display screen close to his desk.

If the letter is to be sent to another employee of the company or to a recipient with a word processing machine, the executive simply presses a button and it is transmitted electronically. For communications intended for wide distribution, the company has drawn up a number of "mailing lists." If any of the intended recipients is not linked to the electronic network, the system automatically prints out a copy of the letter and a mailing label bearing his name and postal address.

Amoco's system is one of the most advanced now in operation anywhere. But if industry experts are to be believed, the next decade will see a dramatic growth of so-called electronic mail services which will offer faster, cheaper and more convenient facilities for document transmission than are currently available either from telex or through the postal services.

### Benefit

Electronic mail is a generic term rather than a specific term. It covers a wide variety of methods for transmitting different types of documentary material. But, clearly, if it is to develop in a way that will benefit the maximum number of users, measures must be taken to ensure that as many different terminals as possible can communicate with each other in mutually intelligible language.

National telecommunications administrations from many countries are already at work in the Geneva-based International Consultative Committee for Telephone and Telegraph (CCITT) on a proposed standard for one form of electronic mail. It aims to lay down agreed technical norms, govern-



An operator using a Vydex terminal which allows editing on the screen of material which will be sent by telex.

ing such issues as the specifications of terminals, types of network interconnection and operating codes.

If the proposal, known as the "teletex" standard, is adopted, it would technically govern only transmissions across frontiers. But it would be reasonable to assume that it would also be accepted de facto as the conventional method to electronic mail inside many of the countries represented in the CCITT. A typical teletex terminal would resemble closely a word processor equipped to communicate with other machines across a telephone line (though some of the more sophisticated electronic typewriters could also be used). In some countries, it is thought, the national telephone authorities (PTTs) might retain the right of market terminals; but in others, notably the U.S., independent manufacturers would no doubt be free to supply equipment.

A recent study by Mackintosh Consultants, who analyse the electronics industry, sees a bright future for teletex. It forecasts that teletex traffic will start growing rapidly within about the next two years and that volume will reach 4m items a day in Western Europe and 2m items a day in the U.S. by 1987. By then, it expects teletex largely to have eclipsed telex as a method of transmission.

Teletex has numerous advantages over telex. It is quicker, printing up to 300 characters per second against a maximum of seven, and therefore more economical on transmission time. That means less congestion and lower communication costs. It also offers more versatile editing facilities, clearer character reproduction and a lower error rate than telex, while operating less noisily.

Teletex can also be developed into a vehicle for carrying more than text. It can also be equipped to transmit images through the addition of facsimile transmission and reception facilities. That would also permit the transmission of text which already exists in document form without having to "key" it into a terminal from which it is transmitted.

### Samples

The most advanced facsimile machines now on the market use digital technology. The page is read by a scanning unit which takes periodic samples at very high speed. If a sample is white, a signal is generated; if black, no signal is sent. At the receiving end, black areas are reproduced by a series of tiny dots spaced so closely together that they are barely distinguishable.

To reduce transmission time, the data read by the scanner is compressed. Each scanning line is divided into about 1,700 different spaces, and a signal is transmitted only if a space differs from the one immediately before it. This reduces the number of signals that need to be sent by a factor of up to 15, and the transmission time to less than one minute for a typical page.

One of the major advantages of this type of machine is that it is technically compatible with the new digital telecommunications networks now being introduced worldwide. Since teletex text terminals will also use digital technology, it will be easy to send both text and images in the same pulse code. Indeed, as far as the transmission equipment is concerned, there will be no distinction between the two types of information.

In Western Europe, at least, the economics of using teletex will be determined largely by the rates set by the national PTTs. But if indications by the German Post Office, one of the strongest supporters of the proposed teletex standard, are anything to go by, they could be attractive. It is estimated that teletex should be a reasonable economic alternative for anyone sending more than six letters

through the mail every day.

In the U.S., of course, conditions are different. But the growth of electronic mail systems seems likely to be stimulated by the recent decision of the Federal Communications Commission to relax the regulation of data communications services.

In the past, companies wishing to offer data communications services have had to obtain prior approval from the FCC and secure its authorisation for their rates. In addition, American Telephone and Telegraph, which holds a virtual monopoly over the U.S. telephone system, has been barred from the data communications market. The commission proposes to scrap all these restrictions.

### Unscathed

The commission's decision is due to take effect in two years' time, but it may well be challenged before then in court. But if it emerges unscathed, it will almost certainly lead to much increased competition in the field of text transmission services as well as of the communication of pure data between computers.

The digitisation of telecommunications facilities will mean, of course, that in future it will be possible to integrate all types of information—the spoken word, data, printed words and images—into the same form. It will become possible to carry them all as binary digits in "packets," each of which will be addressed to a destination and will embody a code enabling them to be unscrambled when they arrive.

It is therefore possible to imagine two people at remote locations sending each other messages made up of text and diagrams, accompanied by spoken commentaries. The information "packets" could even contain television transmissions, so that the recipient could see his correspondent as he spoke.

Futuristic as this possibility may sound, it is being worked on by a number of companies. Nexos, a subsidiary of the National Enterprise Board, is developing an advanced office information system along these lines; while Satellite Business Systems, a joint subsidiary of IBM, Comsat and Aetna Casualty, is planning a satellite-borne transmission service which would enable executives sitting thousands of miles apart to participate in audio-visual "teleconferences."

Such systems will be relatively expensive, of course, and offer facilities which not every business will need. But they illustrate vividly the ultimate potential of the revolution in communications of which electronic mail is one part.

Guy de Jonquieres

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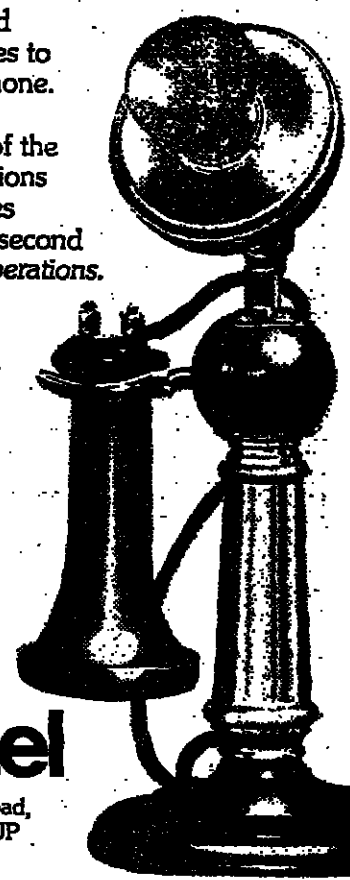
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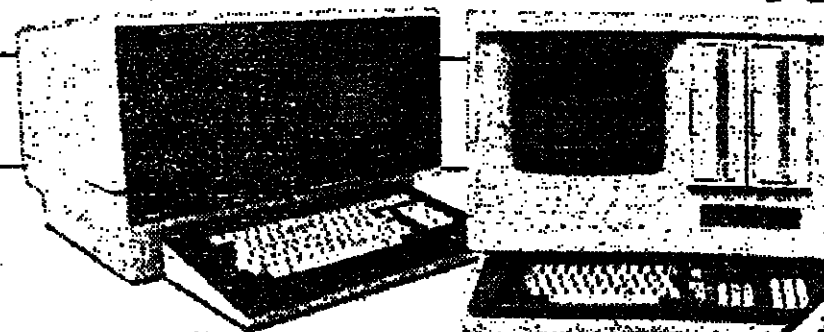
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## WORD PROCESSING III

## Viewdata systems could form worldwide network

**PRESTEL**, developed by the Post Office in the 1970s, is an information retrieval system. It allows the ordinary domestic television set to be connected directly to a computer via the telephone network. At the touch of a button on a small keypad, the subscriber can gain access to an almost unlimited amount of information. He can select one page among hundreds of thousands.

The information may be travel timetables, all kinds of business information, entertainment guides, and education. The ability to control the information means that the television set is transformed into a computer terminal of an interactive two-way communications system, bringing the full power of the computer into the home or office.

One of the important features of Prestel, or any so-called view-

data system, is that it is easy to use. When a Prestel-equipped television set is turned on the electronic decoder automatically dials the telephone number of the local Prestel computer, which stores the pages of information to be displayed on the screen. Once the call has been successfully completed, the computer acknowledges this by providing the list of topics—called a menu—it has available.

Since Prestel is a two-way system, it can be used to send messages between subscribers. It is possible that viewdata systems could form the basis of a worldwide message-switching network. In fact, all the elements required for such a system exist: a terminal in the home to receive and prepare messages, a telephone to transmit them and a computer which can act as an electronic sorting office, forwarding them to their destination.

In fact, this is no more than already takes place in many private computer systems throughout the world. However, in the case of Prestel, it can extend the range to bring it within the reach of many more.

The international telex network already allows businesses to send written messages. Prestel could offer companies a more sophisticated service which could also be linked into the telex network.

The computer could store the Instead of the small calculator-style keyboard used for simple messages and instructions on a domestic Prestel receiver, it could be replaced by a full electronic typewriter keyboard. The subscriber could use this keyboard to draft and correct messages. On completion, it could be transmitted at the touch of a button accompanied by identification of the receiving terminal.

message until the intended recipient's terminal was next switched on. A signal would be sent by the computer for display on the receiving terminal to inform the addressee that a letter was waiting.

The message would be released from the computer only after a suitable code has been typed in. Once a message is passed on, it would be erased from the computer's memory, and the sender would be charged for the call.

The possibilities of Prestel, and its rival systems in France and Canada, are endless. For example, it is already possible for a subscriber to connect a small printer to his television set so that anything appearing on the screen can be recorded on paper for future reference.

This means that businesses and individuals could use it to send formal letters and documents through Prestel, effectively turning it into a word-processing system.

ments through Prestel, effectively turning it into a word-processing system.

## Leader

Prestel, the British system, is considered to be the world leader in viewdata systems. Trial systems have been operating in the UK for some time and more than 2,000 television sets equipped with Prestel are in use. In addition, more than 150 companies and public organisations provide information for display on the network.

Through Aregon, a National Enterprise Board subsidiary formerly known as Inspec Viewdata, Prestel has been marketed successfully in such countries as West Germany, the U.S., and the Netherlands. All are running trial systems. It is already possible to link together these systems so that an international word-processing or message

system is feasible.

Telidon, the Canadian equivalent, has started a series of six trials throughout the country this year and also hopes that it will find international markets for its system. France, with its emphasis on telecommunications, intends to promote its system initially in the home market so that nearly everyone in the country will be able to use a terminal.

Viewdata systems not only provide written information but all kinds of graphs and pictures can be built up on the screen, which extends its usefulness even further.

If the connection of printers to Prestel become standard, it will be possible to transmit bills, bank statements and other paperwork which now congest so much of the postal service.

Such documents, which are usually prepared by computer, could be sent directly from the

computer operated by the gas or electricity authority to the Prestel computer for distribution. A further development could be to allow bills to be paid directly through the network by transmitting a special code from the home receiver to the subscriber's bank computer.

On receipt of the code, the bank's computer would transfer the relevant amount from the consumer's account to the billing organisation's. Business between two commercial organisations could work in the same way.

Initially, Prestel and other systems will be used for the distribution of information. Once established the services already described could come into effect. Since the impact of Prestel is forecast to be in the worlds of business and commerce before extending to the home, it is likely to help bring about the day of the electronic

or paperless office. Manufacturers of television sets equipped with Prestel decoders hope to have mass production of receivers under way this year and have been forecasting a market of about 50,000 receivers this year in the UK.

The companies which provide information for the system were disappointed that receivers were not available in quantity last year because they had already built up a substantial information bank which so far can be used by only a relatively small number of users.

It is difficult to assess how long it will take for viewdata systems to become established in the UK and throughout the world. Some people believe that it will take no more than five years; others that it will be commonplace by the end of the century.

Elaine Williams



This IBM 6670 information distributor prints with a laser and receives and transmits documents electronically over ordinary telephone lines. It can also be used as a high-quality copier.

## Benefits depend on careful planning

**MANUFACTURERS** of word processors claim that typists' output can be increased dramatically, and emphasise the office revolution which can follow.

But there are many types of word processors and systems, just as there are many office environments, and cost alone is not always a justification. The cost of secretaries and typists is important, but salaries vary across the country and this has to be weighed against the actual cost of the system.

Benefits such as higher efficiency and greater productivity can only be gained if the office planning to introduce word processing is well organised in the first place, said another company which recently made the transition.

If economics are favourable, the company or department has to consider what changes must be made to office routine to enable improvements to be made. Staff have to be trained; working conditions have to be considered; and changes in careers structure may be necessary.

One guide to successful word processing encourages the company to keep staff involved and informed and to seek their co-operation. The guide warns: "Keeping staff in the dark will generate insecurity leading to a lack of interest or, in extreme cases, a lack of staff."

IGF's plastics division has spent two years introducing word processing. It carried out a detailed study of the organisation and assessed how jobs would be affected. In addition it ensured that the new skills required were given adequate rewards and that jobs were graded to fit the overall careers structure for secretarial staff.

ICI chose a shared logic system which revolves around central control and storage, which the manager in charge of secretarial services believes is the first step to full office automation. Job satisfaction and good rewards were important, so the office has been organised into social units and the working environment was chosen with care.

Some studies have suggested that the display units of word processors can cause eyestrain, although there has been very little hard medical evidence to back up the theory. can work all day without extra breaks. But its policy is to allow employees to take as many breaks as they feel neces-

sary rather than impose arbitrary rules.

A pilot scheme carried out in Darlington in 1977 by the Department of Education and Science also used a shared logic processing system to prepare a general range of letters, reports, minutes and tabulations which arise in office work.

The study was carried out over a 12 month period and compared word processors with electric and automated typewriters, which are already extensively used in offices.

Among typists involved in the project the DES noted "a general but not universal enthusiasm for the equipment, an appreciation of the quality of the output and a widely held belief that operation of the equipment provides enrichment of their task."

## Eye strain

Some found the system difficult to master, and many thought training should last longer than the permitted three months. Some reported that they felt tired while they were learning the system, others reported eye strain. On typist who wore bifocal spectacles found it difficult to read from the screen.

ICI, on the other hand, noted that one of its staff with poor eyesight found no problems using a display screen.

The Darlington project was less clear on the general cost effectiveness of word processing. The main conclusion was that the overall performance depends on what type of work is carried out, and on the people using the system.

The department reported productivity gains of more than 100 per cent in the preparation of standard texts such as whole letters and paragraphs. But on general correspondence, mainly letters and minutes prepared from short-hand notes or handwritten drafts, its report showed no clear advantage over electric typewriters, although audio typing did lend itself more to word processing.

The project also compared the central system with so-called "stand alone" word processors. Economies of scale are the main incentive for buying a central system, the DES felt. But overall productivity increases of 60 per cent in London and 80 per cent in the provinces are needed to justify the largest system.

The department said during the trials that consistent pro-

ductivity improvements were not sufficient to justify the cost of the equipment on the general mix of work it was given to do. Overall productivity gains in the last six months of the project varied from 10 per cent to 70 per cent, depending on work-mix.

The department decided to carry out further evaluation work on the best work-mix using selected operators.

The Darlington experiment underlined the importance of the right staff and the right environment. The DES pointed out that the installation of a central word processing system in a typing pool is an extremely complex task, needing close management supervision and attention to operating the complete system. This was similar to the commercial experience of ICI.

Manufacturers are looking forward to a massive market in office automation equipment, but users have to be much more cautious in choosing the right system, and sure that they have an organisation which can cope with the change. Otherwise they risk compounding the problems they already have, alienating staff and lowering morale, without gaining all the benefits claimed.

Elaine Williams



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## WORD PROCESSING IV

# Manufacturers plan marketing of the paperless office

THE DREAM of a totally electronic office—vanishing paper from its present dominant position in the world of business—is behind the rapid development of office automation systems.

Mail will be delivered electronically between offices, all files and information will be stored in a computer memory to be retrieved at the touch of a button; orders and reports will be prepared through a central system using a computer which also will oversee all forms of communication within and between offices.

Manufacturers have realised that for office automation to be introduced effectively three separate industries—have to merge: telecommunications, computing and office equipment. They call it convergence: with each industry providing its particular expertise to form a new industry.

Those wishing to be successful in word processing know that they must attack the new market, which is opening up from a position of strength built upon their existing expertise in none of the converging industries.

Already it is clear that this has become the strategy of most major manufacturers. IBM with its dominance of the world computer market—it has 60 per cent—has been using its expertise around which to build office systems. With a large customer base and a wide range of computer products IBM has had to develop systems which can be used by both small and large concerns.

The company has also been moving into the communications field with its involvement in Satellite Business Systems in partnership with Comsat General and Aetna Life and Casualty. Companies will be able to transmit computer data between their offices via a satellite owned by SBS using small aerials perched on top of their office.

using their established customer base to introduce office systems. ICL is in the unusual position of having a large market share of large, or main-frame, computers in Britain. But a few years ago it acquired the mini-computer interest of the Singer Corporation of the U.S., which has allowed it to expand into the small and medium-sized business sector.

Also, minicomputers form the hub of many integrated office systems which gives ICL the opportunity of providing a major component of the total system.

Approaches from the telecommunications industry side have come from companies such as Plessey and the General Electric Company in Britain, Philips in the Netherlands and Siemens in West Germany.

Plessey's strategy is built around the PDX digital exchange, which it is making under licence from the U.S. Rolm Corporation. Digital exchanges rely very much on computer technology—in fact they incorporate computers—and they are able to treat speech and data such as telex, facsimile and word processing data in the same way. Everything is in digital form.

### Questions

However, since conventional office business such as letters, memoranda and reports will be stored in a computer's memory, it is likely that the companies will be able to use the communications system for all forms of information transfer rather than strictly computer data. There are still many questions to be answered about what types of information the U.S. authorities will allow SBS to transmit but the future opens up many possibilities.

Other computer companies, such as Burroughs, Wang and International Computers, are

be a word processor supplier in the strict sense.

Philips, at the beginning of the year reorganised several of its companies in the UK to bring together its activities in word processing. Four companies were involved: Philips Data Systems which makes computer and terminals including one for Viewdata; Eyr 700, which manufactures telephone exchanges; Eyr Business Systems and Philips Business Equipment.

Also IBM has another involvement in telecommunications since it makes a computer-controlled private automatic branching exchange, the IBM 3750. And it has been having considerable success in marketing it.

GEC in the UK, also intends to acquire the complete elements required to offer word processing facilities. It took over A. B. Dick, a U.S. company, which makes a range of word processing typewriters. It already has computing expertise but needs to add the telecommunications element.

So important is the whole industry that even companies such as oil giant Exxon, through its subsidiary Vydec is seriously participating. Rank Xerox is another organisation which offers word processors.

In addition to the large companies investing in word processing, the emergence of a new market has allowed a significant number of new small ventures to attack the market. With the cheapness of micro-processors, needed for any word processor, small companies can develop their own products to compete with the giants.

The word processing market is expected to be large, but it is unlikely that it will be able to

support the growing number of suppliers that are appearing. It is possible that the more successful small companies will become the target for takeover by large companies either seeking an entry into the market or trying to enlarge their market share.

Other companies will simply not be able to compete because they will not have the marketing resources or the ability to keep developing their products sufficiently quickly.

SCJ: six  
The National Enterprise Boards also set up Nexos to coordinate individual companies to provide complete office systems which can be marketed abroad as well as in the UK. It formed agreements with companies such as Logica, a UK software company to provide programming expertise. It also has considerable experience in telecommunications.

Agreement followed with a U.S. company to provide word processors and computers followed by another venture with Muirhead in the UK, a major manufacturer of facsimile systems.

By no means have all companies decided to build up quickly to provide complete office systems. There are few companies which will want to buy complete systems at one go, many want to gradually change the way they run their offices.

Convergence will also take several years and companies which are in only one of the three industries can happily concentrate on one particular sector such as typewriters, word processors or facsimile for some time to come.

Marlene Brown

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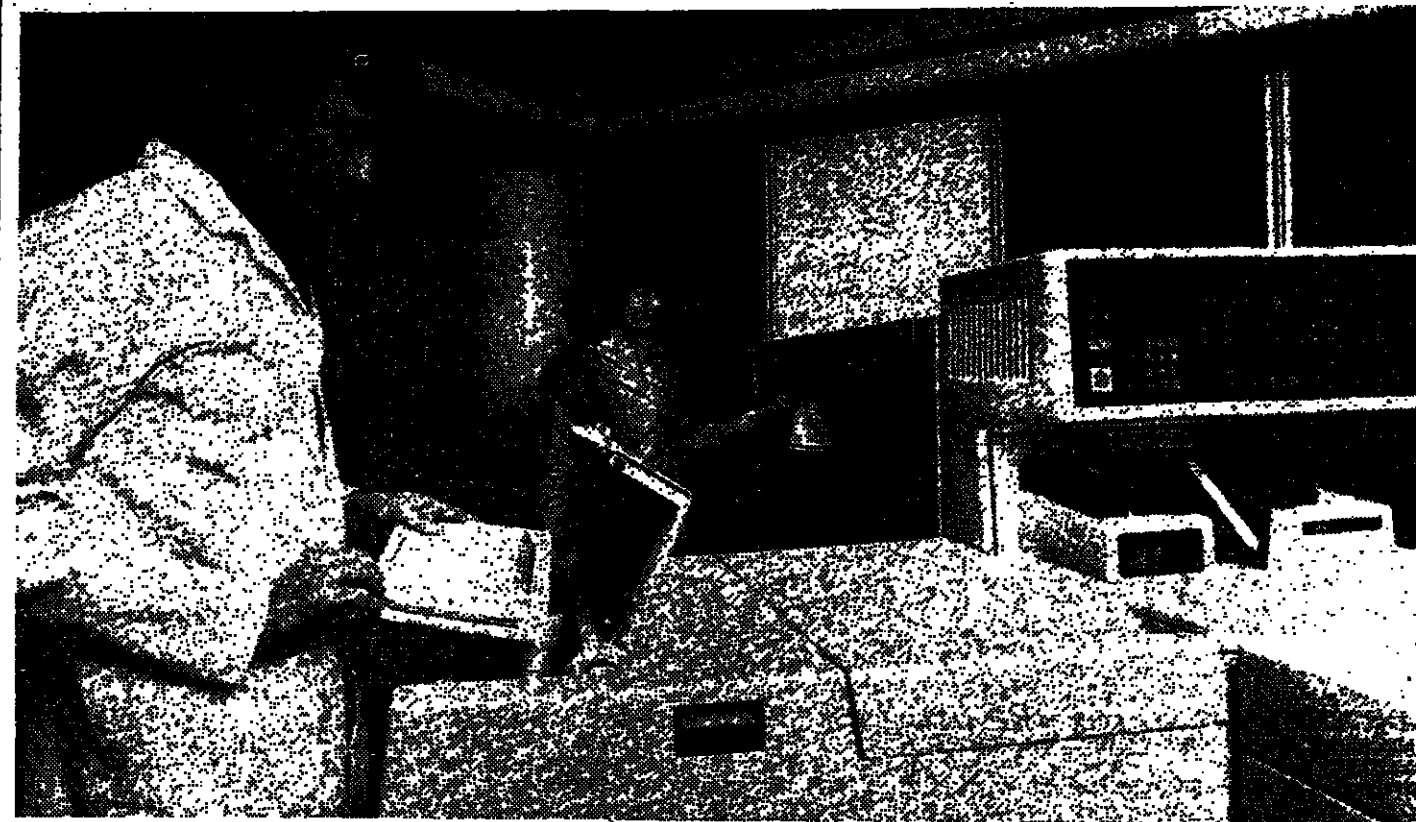
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Advanced machines include this Rank Xerox 9400 model which can make double-sided copies at the rate of 7,200 an hour

## Copiers more sophisticated

ONE VISION of the office of the future holds that the application of micro-electronics to office equipment and the growing convergence between the technologies of computers and telecommunications will mean that tomorrow's executive will work in an environment that is largely or wholly paper-free.

The development of cheap, high-density computer memories will, it is argued, supplant paper as the prime medium for file storage. Moreover, it is asked, why should any executive clutter his desk with any but the most important documents when text and graphics can be easily displayed and edited on a video display unit capable of such refinements as reproducing multi-coloured bar charts?

This view, if true, would seem

to point to a dim future for manufacturers of photocopiers and facsimile machines, whose business is, after all, concerned with paper-based information and communications.

But quite apart from the likelihood that the office in its present form will be around for some years to come and will provide a sizeable market for conventional copiers and facsimile machines, the prognosis of the total demise of paper misses an important point.

### Distinction

This is the distinction between reducing the amount of paper circulating within a given office or work area and cutting down the amount of information that is actually transmitted on paper. It seems probable that the new developments in office automa-

tion will tackle the latter problem first (for example, through electronic mail services): it seems much less certain when a satisfactory solution to the former will be found.

That, at least, is the analysis of a growing number of copier manufacturers, who believe that they will secure an important foothold in the electronic office of tomorrow through a development known as the intelligent copier printer. Over the past 12 months, ICPs, as they are known, have emerged on the market from Wang, IBM and Xerox, and no doubt other companies will follow.

Like many of the latest conventional copiers, ICPs use micro-processors to replace a number of electro-mechanical

controls and to provide diagnostic displays, which make fault detection easier in the event of a breakdown. But what is special about them is that in addition to performing manual copying, they can also receive images by line.

This means that ICPs will reproduce in printed form information fed into them in electronic form from computers, telecommunications networks or word-processors. Such information need never have existed previously on paper: it can be reproduced directly from data stored in a computer memory.

ICPs use a high-speed light source, such as a laser, to scan and interpret the electronic input. The light source then pro-

CONTINUED ON NEXT PAGE

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مكتبة النجف



# WORD PROCESSING V



New, improved systems are constantly being introduced to the market. This Wang VS interactive processor has up to 2 megabytes of main memory and can do processing in seven different computer languages

## Choice of equipment depends on its use

THERE ARE now more than 300 suppliers of word processors in the UK alone. They can cost less than £2,000 or hundreds of thousands of pounds. The choice of a particular design depends on the size of the company wishing to use such systems. Also, users have to decide whether word processing is to be introduced gradually or the running of office services is to be suddenly transformed.

In addition, there are both small and large companies offering word processors, some of which are unlikely to survive over the next few years when competition becomes more fierce. Only those which can provide good marketing support and have the resources to maintain their marketing efforts are likely to survive.

For the potential word processing user, the main problems are deciding on his present needs and how the equipment he chooses today can meet future requirements.

In the simplest form, a word processor is little more than sophisticated electric typewriters; at its most complex it is part of a computer-controlled automated office system.

However, a company's choice can be narrowed to three basic product categories: electronic typewriters; individual word processors and word processor networks commonly called shared logic systems.

not require the whole letter to be retyped.

In fact, typed information can be corrected and redrafted several times before it appears in final form.

Many of the traditional office equipment makers are in this end of the market because they believe that once companies have discovered the benefits to be gained by fairly simple products they will graduate to the more sophisticated and expensive models. These electronic typewriters are made by such companies as IBM, Olympia, Triumph Adler, Doro, Facit, Addo and Qyx and cost between £1,075 and just over £3,000.

The true word processor looks more like a computer terminal than a typewriter and few are available below £4,000. Some cost up to £17,000 depending on the facilities offered. In fact it draws upon the expertise built up by the computer industry. A company can buy a single word processor which is described as a "stand alone" unit. This simply means that within the single piece of equipment is everything the typist needs to carry out her job.

Such products are offered by Philips, IBM, AES Wordplex, Olivetti, Burroughs, Rank Xerox, Vydec and Digital Equipment to name just a few. These word processors allow the typist to store complete reports and memos, edit them, change the way they are laid out on the page, and then print as many copies as are required at the touch of a button.

The typist carries out her work seated at a television screen so that she can see the finished layout before the final copy is printed.

What makes each system different are the special programmes which can be written for specific types of work. For

example, Ventek markets a system in the UK called the NEI 3000 has been designed for financial and scientific work. Data Recall also offers customers the opportunity to buy special programs which range from insurance broking to information retrieval and analysis.

### Simultaneous

Most of the so-called "stand alone" systems are also designed to work in conjunction with other similar machines which is really basic to the philosophy of the totally electronic office. Instead of printing out reports and sending them through the postal system, a company having more than one word processor can send reports electronically.

A touch of a button copies of the same document can be transmitted to several word processors simultaneously even though they may be a few miles or even hundreds of miles apart. Such word processors are understandably called communicating word processors.

If the document has to be sent to another office, it can be stored in electronic form until it needs to be printed out on paper. These word processors can form the basis of an inter-office electronic mail service which is cheaper and quicker than the post. Companies such as Raytheon, Vydec and DEC all have systems which can be used independently or act as part of a network.

Individual word processors do allow companies to build up to a complete network. However, it has been many organisations' experience that such growth has to be carefully planned. Otherwise the system simply grows and grows and becomes unwieldy.

If a company is to introduce

word processing on any scale in the office, it requires a central computer to control a number of word processors scattered around the building which have access to the same files. The system may even be integrated with other office functions such as central dictating and file storage.

In this case, potential users then have to decide whether they can adapt their existing office computer, usually employed for account purposes, or whether they have to buy a completely integrated system. Computer software companies and computer manufacturers offer computer programmes which can adapt the everyday business computer to give additional word processing functions. It is more common, however, that the word processing function is part of a complete system where the supplier offers the equipment, software, installation and training.

At this end of the market, several major manufacturers are competing. For example, Wang's new generation of computers, called Office Information Systems, are designed to carry out word processing and general information processing. Such a system could cost up to £500,000 in its most complicated form.

One of the latest systems on the market from Prime Computer combines word processing, electronic mail, and a number of other facilities which are intended for managers as well as secretaries in large companies are government departments. A typical system including 20 work stations used by secretarial staff and five management terminals would cost about £223,000. AM Jacquard, ICL and Monotype Communications are other suppliers of complete systems.

Marlene Brown

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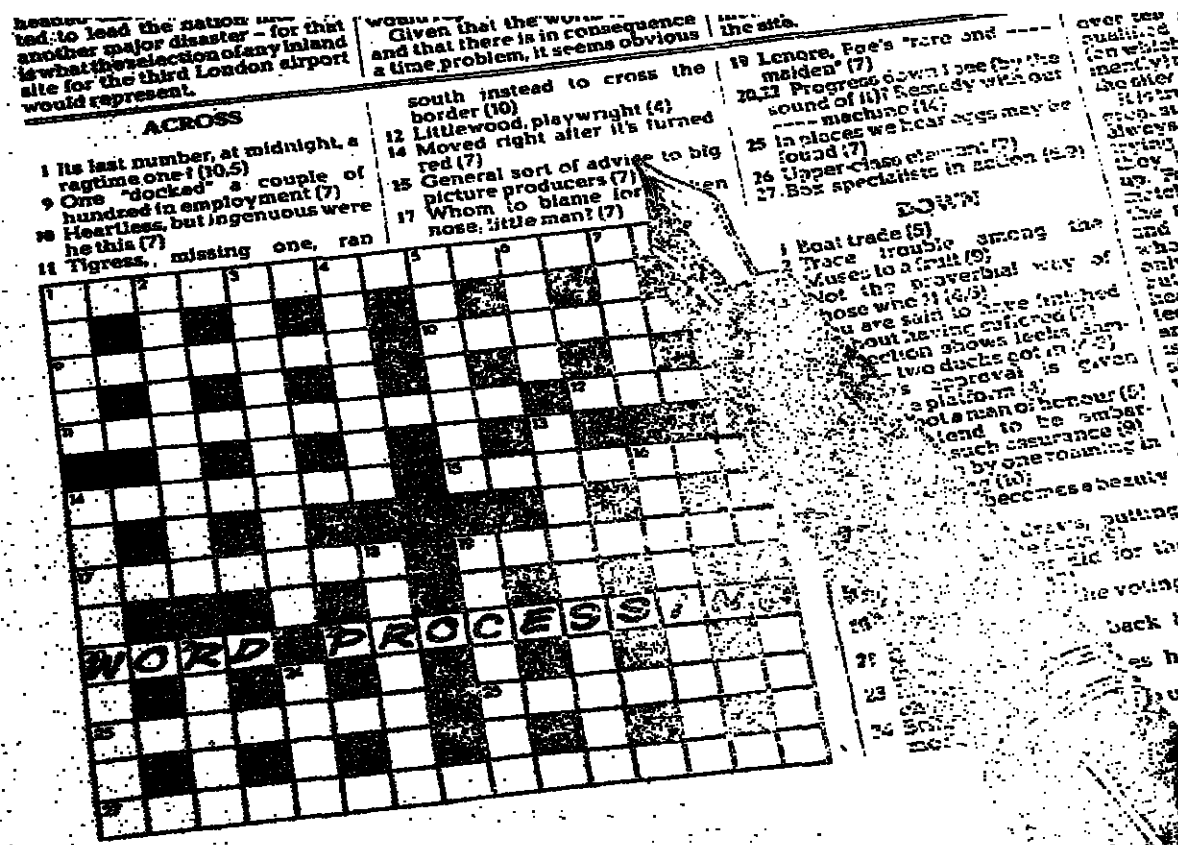
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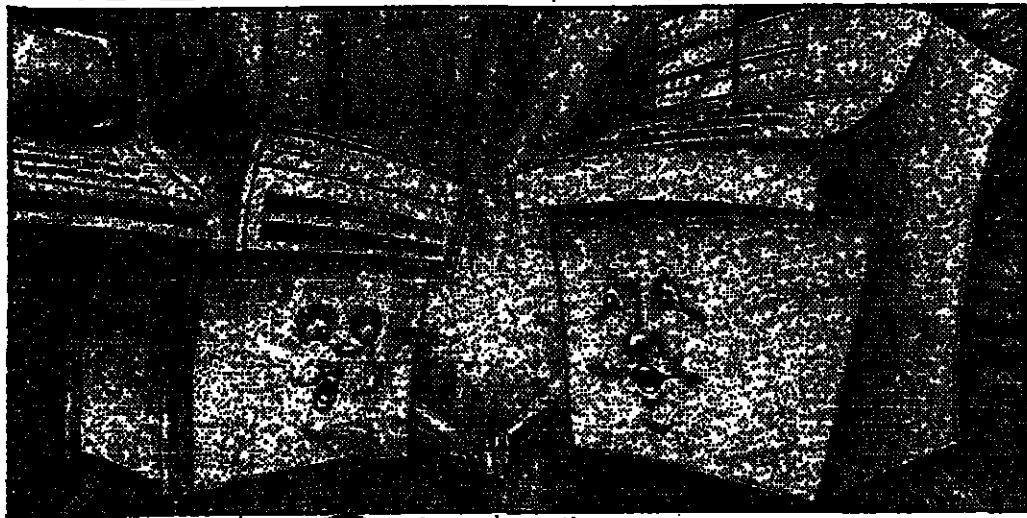
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## Copiers

CONTINUED FROM PREVIOUS PAGE

jects its interpreted message on to a photo-conductor to produce a latent, static image.

The "ons and offs" of the light source create dots on the photo-conductor, which are then built up into characters and printed. The "resolution factor"—the number of dots per square inch—is a major, but not the only determinant of the quality of the finished product.

This development, clearly, brings the role of the copier several steps closer to that of the facsimile machine, which traditionally has been the main tool for the transmission of documents over long distance on line.

### Feasible

Use of a technique called data compression has made it possible to reduce greatly the transmission time required by digital facsimile machines. They can send a standard page in as little as 30 seconds—compared with up to six minutes taken by analogue machines—and even higher speeds may become feasible soon.

Other developments on which facsimile manufacturers are working include multi-colour transmission; the addition of local electronic memory, facilities to perform copying and the possibility of linking facsimile machines up to word processors.

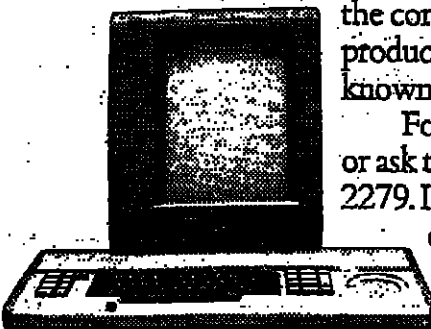
These trends suggest that the facsimile machine, in its turn, is moving closer to the copier. It seems probable that within a few years, technology will have removed so many barriers between copiers, and facsimile that they will effectively merge into a new type of multifunctional machine.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PLASTICS

### New plant proposals

OFFERING a complete service to set up factories for plastics parts production virtually anywhere, based principally on Toshiba injection moulders but also on a series of pick and place robots, Renwick-Skelsey expects to do at least £1m worth of business this year.

As such, the group claims to be unique in Europe and sees services as particularly useful to developing countries in view of the fact that Toshiba claims zero failure rate on its equipment.

This runs from 16 to 5,000 locks tonnes with vented barrel models up to 1,250 lock tonnes.

Injection control equipment is designed for highest reliability but is simple to operate.

Various designs or robot are available, including some that will extract the part from the injection machine and detach sprue and runners. In fact, the group is well aware of the general interest in robotics and would be ready to consider applications outside plastics parts manufacture.

So far, Renwick-Skelsey has handled machines in the 90/315 tonnes bracket but is prepared to accept full responsibility for all equipment after installation of whatever type or source.

More from Burrowfield, Welwyn Garden City, Herts.

Principal business of Vinatex which derived its name in 1947 from the link between vinyl and textiles in its early production of printed PVC sheet and coated fabrics is PVC; but it claims expertise as a specialist compounding at Havant where it has just invested over £600,000 in a new line which promises to increase production capacity of rigid granulate and high output flexible grades by about 8,000 tonnes a year.

This means, eventually, more window frames, ships hulls — even bicycle wheels — all made from the ubiquitous plastic.

### Three jobs go to Finnegan

FIRST JOB in a "stream" contract for Peterborough Development Corporation is a £3m project awarded to J. F. Finnegan to build 187 timberframe dwellings at Werrington, Peterborough. The company will eventually build 500 dwellings for the Corporation, and this contract includes the external works usually associated with a scheme of this size.

Under a contract valued at nearly £1m from Kirklees Metropolitan Council, the company will also build 30 flats at Linthwaite, near Huddersfield.

Third contract just announced is for the Corporation of Trinity House for the construction of a pilot station at Garrison Point, Sheerness, at a value of about £214,000.

## INSTRUMENTS

### Stronger hold on the market

NOW A PRIVATE company with a new management team headed by Dr. T. Gooding who, with the assistance of the NEB, Midland Bank and ICFC undertook a salvage operation last year, Cambridge Instruments has re-emerged strongly with a number of new products following the financially difficult 1975-79 period.

Its strongest activity will probably remain scanning electron microscopy, an area in which the company has been the leading innovator for nearly 20 years.

The latest model is called Stereoscan 250 and it has an entirely new electron optics column called Optibeam, the main feature of which is automatically controlled condenser lenses giving optimum resolution and minimum image noise. A final aperture of continuously variable size is provided by means of which the finest possible resolution (80 angstroms is guaranteed) can be achieved under any specific set of operating parameters.

The time consuming procedure of selecting final apertures is done away with and

the user is able to range simultaneously and automatically from optimum resolution to optimum depth of field.

Other facilities include split screen imaging in which two pictures of the same thing side by side but at different magnifications can be obtained, for example. Also available are selected area diffraction, continuously variable EHT, dual video channel controls full alphanumeric displays, an automatic camera with high resolution recording system, automatic brightness control and a 10-inch screen with TV display.

At present, the company has 1,700 of the world-wide installed base of 5,000 scanning electron microscopes. Interestingly, the model 250 has been cost reduced but increased in price — it is stated by the company to be the highest priced machine available; profitability is now the key objective.

Automatic operation is the keynote of the new introductions; another major new product is the Quantimet 800 image analyser in which all the sequencing of operations and data handling is carried out by an on-board microprocessor. The instrument, which allows

the features of microscopic images to be counted, measured and analysed, holds analysis programs on disc stores, is keyboard controlled, has a large screen and produces output such as histograms on a 40 column printer.

There are to date about 750 machines for image analysis in the field and Cambridge believes that with the new unit it will be able to maintain its 50 per cent share of the installed base.

Another new product of interest mainly to advanced integrated circuit manufacturers is a new electron beam fabricator which is said to be capable of making lines only 0.04 microns wide. The machine is already being used by an unnamed U.S. circuit maker in the investigation of a 256K random access memory.

In the medical field the company is introducing new electrocardiograph and ECG equipment and in the materials area new systems for the production of advanced semiconductors such as gallium arsenide, likely to figure strongly in the next generation of devices. More from the company at Rustat Road, Cambridge CB1 3QH (0223 42021).

## COMPUTING

### A powerful aid to conversion

MANY professional practices handling large volumes of paperwork, such as solicitors, accountants and quantity surveyors, are attracted to the idea of investment in word processing systems but deterred by the task of "converting" a vast amount of existing records.

A new media conversion bureau service established in London provides the answer to this problem. Operated by Lexiscan, the bureau service will handle records kept in any typed or printed hard copy form, convert these into data suitable for storage directly in word processing memory.

The centrepiece of these conversion operations is a Burroughs "Context 1210" OCR page reader maintained by Lexiscan. Existing texts, typewritten or printed in any font, are swiftly re-typed in OCR-B form by Lexiscan's 20-strong team. The resulting pages can then be read at high-speed (up to 200 pages an hour) by the Context machine directly on to the disc of Lexiscan's in-house word processor for editing and subsequent transfer to any desired storage medium.

Alternatively, records are already held on magnetic cards.

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**IMI**

these will be converted by Lexiscan's specialist magnetic reader, which reads the cards to provide print-out in OCR-B form. This can then be fed into the Context page reader for transfer to the word processor and final editing.

Both methods make light work of what may, at first, appear a daunting task, says Lexiscan, and provide potential users of WP systems with an indication of their economic and operational benefits.

If the practice decides to postpone investment in its own word processor, it may utilise the Lexiscan in-house facilities to obtain a fast turnaround of new records can be swiftly processed through the OCR-B typing/scanning system. Once a professional practice has acquired its own word processor, it can purchase or lease a Context OCR reader to bypass the input bottlenecks caused by information queuing at the operator keyboard.

Lexiscan, 27 Newbury Street, London EC1A 7TH. 01-606 1654.

### Production capacity increased

BEST KNOWN and most widely used of the vinyl plastics is polyvinyl chloride — or PVC. It is widely used in its unplasticised form (rigid PVC) for pipework, ducts, etc., where high chemical resistance is called for. In plasticised form, it can be seen as sheeting, cable covering, claddings, and as a fabric for clothing and furnishings.

Principal business of Vinatex which derived its name in 1947 from the link between vinyl and textiles in its early production of printed PVC sheet and coated fabrics is PVC; but it claims expertise as a specialist compounding at Havant where it has just invested over £600,000 in a new line which promises to increase production capacity of rigid granulate and high output flexible grades by about 8,000 tonnes a year.

This means, eventually, more window frames, ships hulls — even bicycle wheels — all made from the ubiquitous plastic.

because the company is in the top three of UK manufacturers of suspension PVC and compound, and is also one of the largest producers of plastisol. Compounding unit of this new line is a Thyssen 160mm twin screw extruder which is capable of running a wide variety of flexible and rigid grades.

Screw design permits close control of critical formulations, such as bottle granulate as used in syringe food packaging applications (squashes, edible cooking oils, etc.) and in non-food packaging — shampoos, detergents, cosmetics. Rigid materials are used throughout the building industry in rainwater goods, cladding, conduit, and also for garden products.

Sophisticated instrumentation, including process control monitoring devices, assist the operator in maintaining a consistent compound specification and quality, and it is designed for high production rates with outputs varying, according to

the formulation, from 1.5 to 3 tonnes an hour.

With the inclusion of special design features to minimise plant down-time on grade change over, this line is expected to produce at the outset up to 10,000 tonnes a year, thus increasing the company's total compounding capacity by about 25 per cent.

Because accurate weighing is crucial in the compounding of complex formulations incorporating many ingredients, the line is also equipped with the latest fully automatic raw material weighing equipment. This operates with an accuracy of plus or minus 0.3 per cent.

The company says that a considerable amount of the basic design and engineering work has been carried out in-house by its own production and engineering departments.

More from Vinatex, New Lane, Havant, Hampshire (0705 486350).

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the formulation, from 1.5 to 3 tonnes an hour.

### Will measure glacier depth

AN UNUSUAL geological thickness measuring instrument based upon radar technique has been developed by Sensonics of Chesham and is to be commercially tested this summer for measuring the depth of glaciers in the Himalayas, as part of a Royal Geographical Society project.

Precise technical details are not being released by the company for the time being, but essentially the equipment is a downward looking radar flown in an aircraft and is described as "using advanced techniques of transmission and digital signal processing." The unit fires broadside output pulses at the ground and uses a digital integrating receiver of high sensitivity to detect the return

of very small reflections from interfaces between, say, rock and ice. Resolution of ice thickness is said to be one metre.

The system is microcomputer compatible in order to allow intelligent real-time display, mapping and interpretation of signals and has both hard copy and magnetic cartridge recording.

Sensonics says that it is in close touch with the Centre for Cold Ocean Resources Engineering in Newfoundland where it is hoped to test an airborne system the object of which will be to aid navigation and identify hazards to fixed off-shore installations.

Both airborne and ground-based applications are expected and development is continuing into the use of the system for

site surveying and other subsurface investigations of rock and earth.

More from the company at Chartridge, Chesham, Bucks. HP5 2SH (02405 74251).

## COMPONENTS

### Fast joins for pipes

NEW polyethylene pipe fittings from LCA Pipelines of Leeds will simplify the assembly of pressurised polyethylene pipe systems above and below ground.

Rollmoplast range fittings are or Swiss manufacture, and successfully used in several European countries.

Two fittings from the range, the straight connector and the tapping saddle, contain integral heating elements and a joint is made by plugging two leads from the Rollmoplast automatic welding unit into sockets on the fitting. Pressing a button on the unit, which contains a step down transformer, completes the joint within three minutes. The unit also checks that process has been carried out correctly to ensure complete integrity of the joint. Power can be supplied from the mains or a site generator.

Also in the range are tees, elbows, reducers, caps, adaptors and union ends. These can be welded to pipes using the connectors or directly with butt fusion welding. Depending on the size of the connected heating elements, up to three weld joints can be made simultaneously. The fittings are compatible with rigid PE, PE50, HDPE, and MDPE pipe in 10 sizes from 32mm to 200mm outside diameter, and with water pressures up to 10 bar at 20 degrees C. Pressure capacities for chemical applications are evaluated individually.

The system ensures quick and low cost installations: it minimises human error particularly where access is difficult, and the tooling is more portable than that required for butt fusion welding.

LCA Pipelines, Whitehall Estate, Whitehall Road, Leeds LS17 4AA. 0532 634200.

## PACKAGING

### Quietens the bottling line

SYSTEM DESIGNED to reduce noise levels created by bottle to bottle contact along high-speed conveyor tracks has been introduced to Harveys of Bristol by Tantalus Engineering, 155, Crayford Road, Crayford, Kent (Crayford 56114).

This is made up of 820 mm long modules each of which is lined with a high grade, non-porous noise absorber which is tough, yet flexible, and able to withstand stringent daily steam cleaning at the plant which bottles enough sherry to meet one-fifth of the world's markets.

Each of the hygienic crevice-free modules in the Hushveyor system is made from mirror finish stainless steel, and is individually supported. This permits any section of the conveyor to be independently lifted when tank inspection is necessary.

Sherry bottles can be observed if required, by opening the clear horizontally-hinged acrylic doors which are fitted to both sides of the unit. These doors are secured in a closed position by magnets and, when opened, are supported by the roof, giving the line operator unhindered access to the bottle track along the full length of the conveyor.

At Harvey's request, the conveyor unit was completely enclosed from the bottle filling point to the labelling machine, and combined acoustic/safety guards (made from polycarbonate sheeting secured within a stainless steel housing) were incorporated.

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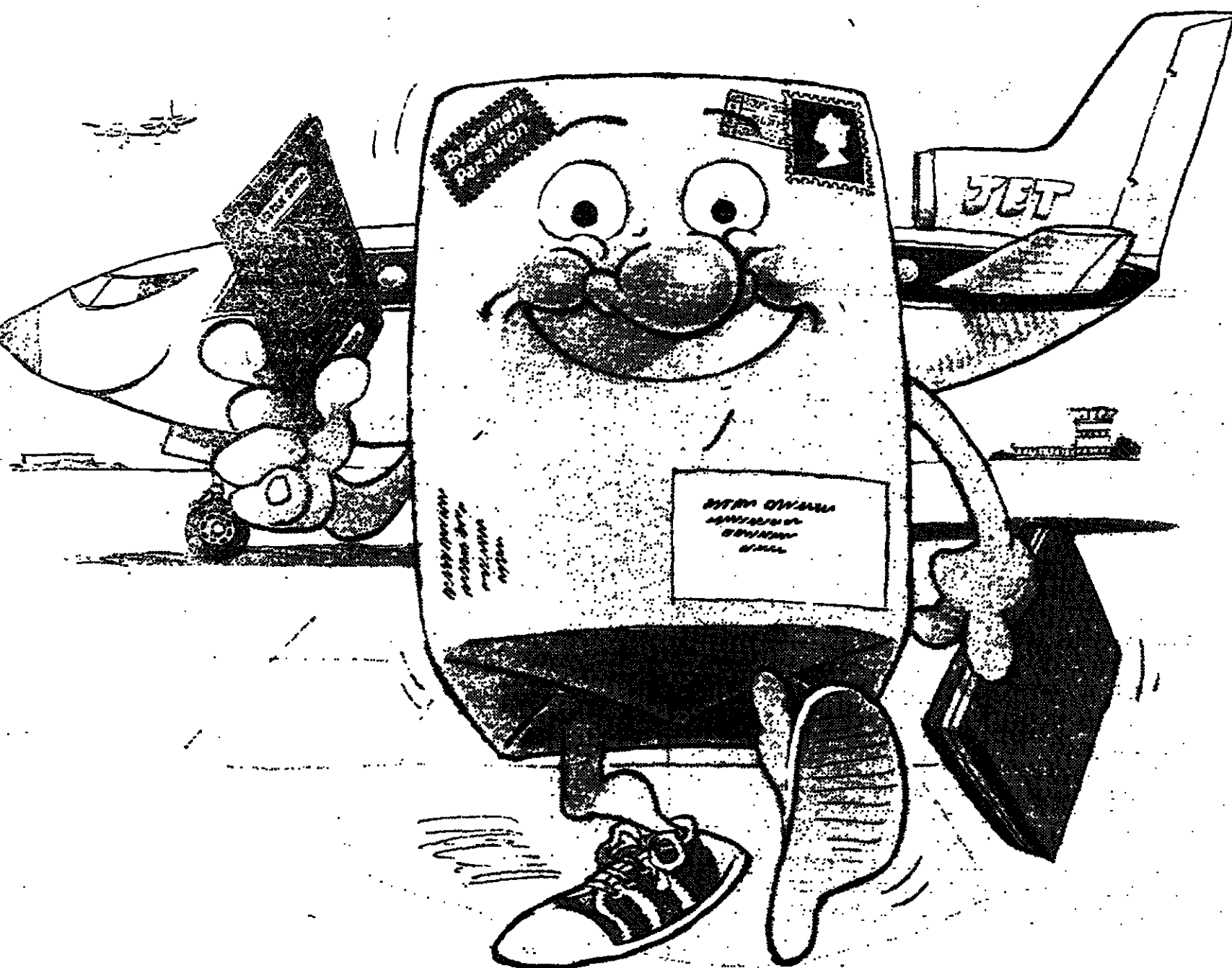
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مكاتب البريد



# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Kenneth Gooding examines the expansionist policy of ZF, a major German components manufacturer

## How the legacy of Count Zeppelin is gearing up for the 'world car'

THE tall building where Ferdinand Count Zeppelin supervised the construction of his airships at Friedrichshafen, on the German side of Lake Constance, was recently torn down. Going up on the site is a completely automated plant for making car and truck gearboxes.

When in 1915 Zeppelin set up Zahnradfabrik ("gear wheel maker" in English), because he needed better gears for his "Zeppelins," the Count could have had no idea how the business would develop.

When the manufacture of airships was suspended after the First World War, Zahnradfabrik Friedrichshafen (or ZF, as it is generally known) turned to making gearboxes and steering gears for the embryonic motor industry.

The new plant at Friedrichshafen represents just part of a DM 1.5bn (£384m) investment programme for the next three years, during which time ZF will join the select band of internationally operating companies supplying components for the new breed of "world" cars and trucks to be produced in the 1980s.

These "world" cars and trucks will be assembled in many different markets and take many different shapes to suit these markets. But they will use a few common components made on a vast scale in a small number of strategically placed plants.

The financial muscle required means that only a relatively few big companies will be able to join in this particular game. ZF meets this criterion. Not only has it increased turnover

in real terms by 10 per cent a year for each of the past ten years, so that it reached DM 2.5bn in 1979, but its unusual status as a subsidiary of a charitable trust enables it to pay relatively low dividends, and reinvest the extra in the company's future. This gives it a distinct advantage over its powerful rivals in Japan, the U.S., and the rest of Europe.

The trust, which owns 89 per cent of ZF, has the evocative title of "The Zeppelin Foundation." It was another



legacy from Count Zeppelin. The people of Friedrichshafen had put up the cash to refinance him after disaster overtook his airship venture. He was so grateful that he left most of his assets to them. The Foundation uses its income for the benefit of the Friedrichshafen community—providing hospitals, play areas, parks and so on.

The rest of ZF's equity is owned by the surviving members of the Count's family, about 28 of them.

ZF pays a regular 16 per cent dividend—totalling DM 9.6m (£2.3m). "The Foundation is very modest in the dividend demands it makes when you compare what we pay with what others do," says Dr. Ernst Braun, the member of the executive board responsible for marketing.

Both the foundation and the ZF management have a common task—safeguarding the jobs and the conditions of the workforce. Because of the modest demands made by the Foundation, we can reinvest more and make the company safer than it would otherwise be."

At the top of ZF's production list is gearbox construction, which accounts for more than half of sales. Steering gears constitute just under a quarter and the rest is divided between axles and axle drives, pumps, rotors, differentials and electromagnetic clutches.

The group will continue to grow at 10 per cent a year, according to Dr. Braun. This is a daring claim to make against the background of an expected growth of only one to two per cent for the motor industries of Europe and the U.S.

But ZF sees the position of the independent component makers being strengthened by the very pressures which have the car and truck assembly groups in a vicious squeeze. Dr. Braun explains: "The potential for growth in the motor industry in industrialised Europe and the U.S. is limited, because the developing countries are setting up industries of their own, which cuts demand for exports and increases competition. It will also exacerbate the current over-capacity in Europe and the U.S."

At the same time the cost of research and development in the auto industry is rising faster than in the past because of energy and environment requirements—and because of competition.

On top of this the auto industry needs to put more into its worldwide sales and after-sales operations, and that costs a great deal of money."

In this context International Harvester recently estimated it would have to spend \$165m to set in motion a reasonable dealer network in Europe, even though it can already count on the outlets of its affiliates, Daf in Holland, Sodon, Atkinson in the UK and Enasa in Spain.)

Dr. Braun insists: "Competition in the auto industry is tougher, so manufacturers cannot put up prices to match increasing costs—and that means lower profitability."

So the industry is changing its philosophy as a result of this squeeze. The car and truck assemblers won't do for themselves what someone else can do better."

"The industry needs to spread its risks and the risks are enormous. Forecasting is very difficult because a new style of international competition has just started. What happened in the past doesn't count."

"ZF is in a part of the business where the risks are huge. Why should the truck makers bear that risk?"

ZF is investing DM 1bn in gearbox and steering gears over three years. Who among the assemblers can afford to invest that kind of money on those types of product? It is obvious the future will favour the makers of specialised components."

Dr. Braun even has hopes about the Japanese industry, the most vertically-integrated in the world, going the same way. "The new, young managers might change the philosophy if

it is the only way to be competitive."

Even though the future might favour the independent component suppliers it will not be possible to supply the world from a European base. "ZF will have to be present in those countries where our customers and the major companies are present. And when it is economic to do so we will produce there."

The company began to take the "world" car and truck trend seriously five years ago and the following year began to put its own strategy into effect.

The policy, in crude terms, is for it to manufacture in those countries where it sees the possibility of getting a reasonable market share for its products and where volumes can reach economic proportions.

Where it cannot own a business outright, as often is the case in protected markets outside Europe, the group prefers to establish joint ventures. But it has also been appointing licensees to manufacture its products where this seems the only reasonable way to get representation in a market.

"The trouble with licensees," admits Dr. Braun, "is that they can move to someone else when the agreement comes to an end."

Five years ago ZF was mainly relying on its six plants in Germany and one in Brazil—where the European motor industry has been represented in force for many years.

Pushing through the international strategy has involved starting up a second plant in Brazil. Elsewhere in Latin America it moved into Argentina by buying a minority interest in an existing gear systems pro-

ducer and Venezuelan plant is due on stream in 1981.

Next year a new factory in India will come into production (another country where the growth rate expected for trucks and buses is far higher than in Europe) and, again with a local partner, has set up a company in South Africa which will manufacture enough gearboxes to make that country nearly self-sufficient.

Licensing agreements have been concluded in Spain and South Korea, countries with major motor industry growth ahead of them; and in Japan, where ZF has set up its own sales and service company.

The group has long-standing licensing agreements with Comecon countries such as Romania and Hungary and has some hopes for its current negotiations with the Soviet Union. Like many others in the European motor industry, it has sent emissaries to China.

There are also areas in Europe where there is the chance to move up from a low base. In the UK in February this year ZF signed a licensing agreement with Leyland Vehicles, which will make a new ZF gearbox at its Albion plant in Glasgow from 1983 onwards.

Dr. Braun says enigmatically that this was "just a starting point for closer co-operation with Leyland."

ZF has its own UK sales subsidiary based at Beeston near Nottingham, which is showing the kind of growth the company needs in those European countries where it has so far made little penetration. Sales moved up from £2m in 1973 to £10m last year and Dick Reast, the managing director, reckons "we



Dr. Ernst Braun of ZF (left) and David Abell of Leyland Vehicles, recently signed a licensing agreement whereby Leyland will make ZF gearboxes in Scotland: "just a starting point," says Dr. Braun

have the potential to double that in the next three to four years." He expects the biggest growth to be in the supply of ZF power steering systems for both trucks and cars.

The U.S. provides a huge market, so far hardly touched. As a start ZF has set up a sales and service organisation of its own based in Chicago. The market will become increasingly important to it as the other European groups build up their interests there.

Daumler-Benz is building a truck assembly plant and another German group, MAN, only last month announced that it was going ahead with a factory which would first make buses and later add truck manufacturing. Significantly, ZF supplies MAN with every one of the power gears it uses in its vehicles.

The group is also sending products to companies in France and Germany owned by International Harvester, the biggest producer of heavy trucks in the U.S. "They know us now and we want to offer them products in the States."

So Dr. Braun has no doubts. Eventually ZF will set up a

manufacturing base in the U.S. The amount of investment required to push forward on so many fronts has been enormous. For the past few years ZF's capital investment has been 7 to 10 per cent of annual turnover, and is increasing now. Research and development expenditure will also rise to between 4 and 5 per cent of sales against the previous 3 per cent.

### Technological lead

"Europe must put much more into R&D to maintain its technological lead," insists Dr. Braun—a view shared by the European Commission which last month suggested that the European motor industry needed to double R&D spending if it was to beat off the challenge of the Japanese and U.S. competition.

ZF has recently taken a careful look at its management structure to see if it was still relevant in view of the fast-changing circumstances. Its decision, a few weeks ago, was to maintain the basic structure but adapt it to some extent. Management at the centre,

hitherto basically organised along geographic lines, will now focus on individual product lines, something that is becoming common in the motor industry now that companies are having to react quickly to world-wide trends, and need to know what external factors might affect the potential for a particular product.

ZF will set up regional companies in those countries where it has manufacturing interests—again it is a usual enough procedure, when there is a hefty investment to protect, to have an organisation able to cope with and adapt to local political pressures and circumstances.

While ZF will have a considerable investment outside Germany before the 1980s are over, Dr. Braun defends the company's position at home.

"We are convinced that what we are doing to rationalise and expand outside Germany will safeguard jobs in Germany. In fact, there will be more jobs here as a result. In any case, for a long time to come we will be sending components from Germany to the new markets."

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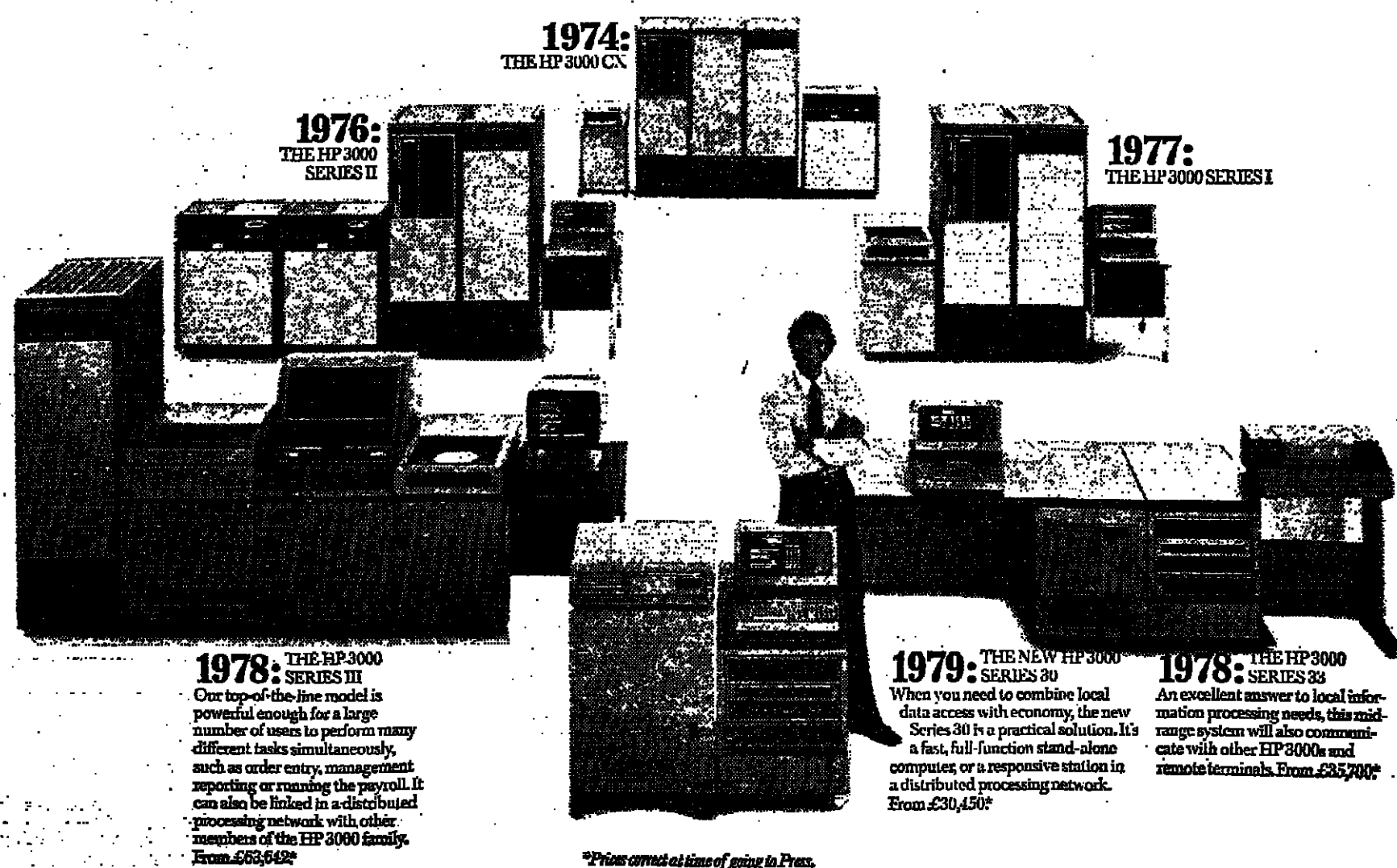
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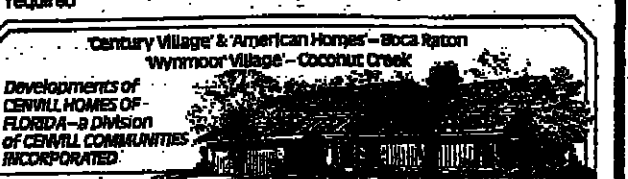
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# THE ARTS

## Festival Hall

### Stockhausen

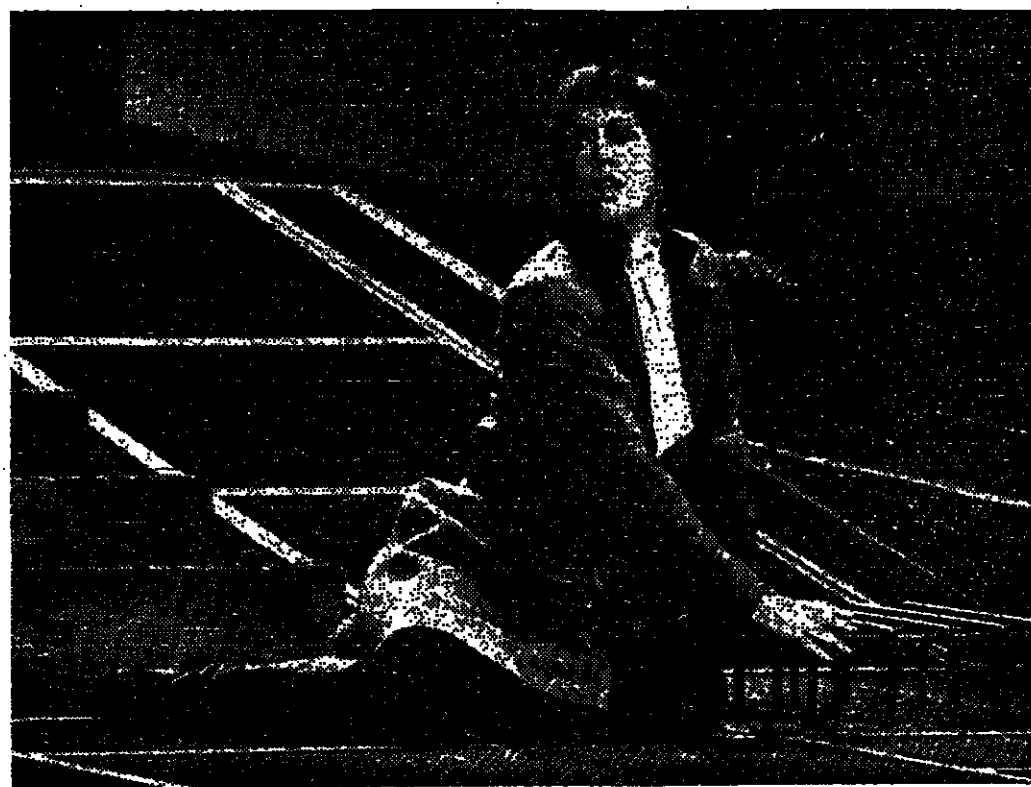
by MAX LOPPERT

The Philharmonia, conductor Andrew Davis, gave on Friday the British premiere of Stockhausen's *JUBILEE* for orchestra (1977). Anyone who approached the music by way of the composer's programme note could be forgiven a passing blanch: 21 lines of technical description, close-packed with arcane (for most of the listeners in the hall) numerical detail, preceded two lines of useful adjectival encouragement—the effect of the piece was intended to be “festive, spectacular, full of confidence.”

Luckily, so it proved. *JUBILEE*—the capitals are Stockhausen's—turns out to be one of the most immediately approachable of his recent compositions, a celebration (of, in particular, the 125th anniversary of the Hanover Opera House, who commissioned the work) in 15 or so minutes of colourful and imposing sound. It opens with the hortatory, brass-laden musical “formula” that is to recur throughout—chorale-like in character, on each full-orchestral reprise decorated by whooping, sighing glissandos on high and a fantastically buzz and bustle through-

out the orchestra. One of the choral repeats—a “sound window” in the musical fabric, according to the composer—is announced by trombones and a tuba high up in a distant box; another by a quartet of oboes on stage. At the close all sectors join for a final piled-up statement in a way that Berlioz, Bruckner and Messiaen might variously recognise: “spatial” music, but, unlike Grappelli and Carré, of an appreciably simplified, tradition-conscious cast.

Indeed, for all the undoubted complexity in the layering and combination of timbral effects (the amplified solo first violin made in Friday's performance a nearly insistent sound), the encounters with *JUBILEE* were sufficient to indicate the essential simplicity of its overall design—a kind of passacaglia, one is tempted to call it. Earlier in the evening a recital in the Waterloo Room by the chamber group *Lyria* had led a brief survey of earlier Stockhausen phases of composition, in particular the textpieces and “intuitive music” adventures. It was an hour of the most arid tedium. Fifteen minutes of the senior Stockhausen were better filled. Any moral to be drawn?



Josephine Barstow

Leonard Burt

## Coliseum

### Fidelio

by MAX LOPPERT

We have had to wait out a long interval for an English National Opera *Fidelio*, and gratitude that one of the necessary, life-enhancing operas has returned to the Coliseum in a new production (supported by the National Westminster Bank), outweighs the many dissatisfactions therewith that will have to be set down in this notice. The cause of some of these may disappear later in the run. Mark Elder must surely forge a less tenuous link between pit and stage, and encourage less spotty orchestral playing, than he did, particularly in the first act, on Saturday evening. (The overture was dreadful.) Alberto Remedios' Florestan will no doubt contrive to move less disconcertingly between an admirably pure vein of lyrical singing and what can only be termed an outbreak of St. Martin's Shout. The didactic glosses in Joachim Herz's production may even, with smoother functioning of the apparatus, come to seem less unwilling to grant a general level of audience intelligence at the Coliseum. The whole thing may become a moving, involving *Fidelio*, instead of one in which a strong but distanced kind of interest and a more immediate kind of irritation jostled cheek by

been. In the recitative of the aria the words “shine out” did not encourage a similar freedom in the tone; the voice is not heroic (and the dryness of the important lower register is briefly worrying), yet Miss Barstow unflinchingly exploits its marked individualities of timbre for expressive purposes. The trim shape of this *Fidelio* allows for a subtle, never emphatic assumption of boyishness—only at the end could she afford to relax the tension a degree or two still further, for there is a radiance in the music not quite implied in her tense bearing. In sum, though, a mastery performance. No less mastery is the jailer of Dennis Wicks. There was no need whatsoever for the producer to return to circulation the speech (placed between prison and final scenes) that Beethoven himself finally suppressed, in which Rocco's opportunism is summed up in Mr. Wicks' portrayal, jaunty, sentimental and beady-eyed by turns, it was already there in every gesture, every utterance (his bass was in strong form). Neil Howlett's Pizarro, cast in a melodramatic mould perhaps not of his own making, manages by dint of dark, well-shaped tone and keen attack on the words to achieve an impressive originality. The young couple of Elena Hannan and Geoffrey Pogson, attractive players both, need to free their minds and their voices of production complications: the full, noble sound of John Tomlinson's unusually youthful Don Fernando and two excellent solo prisoners (Terry Jenkins and Roderick Earle) show the care that has

been expended on the exact place of small parts in the larger scheme. In the above comments on the cast can be read a critique of both positive and negative aspects of the Herz production. His way with the players is closely focussed, and the most able among them respond in kind. There is a vein of anger, an openly expressed refusal to permit the ultimate triumph of Leonore and Florestan to bathe the audience in a rosy glow of self-satisfaction. When this is opportune as it proves in the stark treatment of the Prisoners' Chorus—violently prodded from their cells, they cower, human wrecks, in huddled groupings briefly altered by the mirage of hope—a new intensity is found in the music. (There must be a word here for the sterling male chorus.) When it is not, as in the final scene just before and during “O Gott, o welch' ein Augenblick!” “cinematic” change of perspective removes the attention from the unlocking of Florestan's fetters to a back tableau of prisoners still in manacles—it is at once musically insensitive and grossly patronising. And with all the undeniable expertise of the East German producer we have to accept a surprising amount of crude lapses. More than one opinion is possible of Rheinhart's Zimmermann's (to me hideous) Zim. But did no-one consider the cumulative disturbance, on audience ears of even minimal sensitivity, of feet scraping along the complex of metal surfaces and mesh grids that fills the left side of the Act 1 set?

## Festival Hall

### Brendel's Emperor

Even conducted by Claudio Abbado, it is doubtful that the London Symphony Orchestra would have managed to fill the Festival Hall on Thursday evening with Bizet's music. L'Arlesienne (the first, suite complete) and Ravel's “charismatic poem” *La Valse*. Abbado delivered forthright, affectionate performances of both works, with carefully tended detail. *La Valse*, perhaps was too scrupulous—a certain element of wildness, an exaggeration of its blacker excesses, is necessary to lift the tacky frieze-like construction towards more direct and compelling.

But in largest part, the capacity audience was attracted by the prospect of Alfred Brendel playing the Emperor Concerto. Mr. Brendel obliged with a commendably fluent account

which was rapturously received but remained puzzling in several aspects. For all the strength of his reputation he is not cast in the mould of an extrovert, bravura pianist; his technique is impeccable, but there are moments in his playing when the lines of communication with his audience founder, when the personal solution of musical problems takes precedence over the clear projection of salient details. Thus the Emperor was launched, not in a flourish of figuration, but with objective restraint and Abbado similarly moved the opening tutti along lean, brisk lines, though when the time came he could not resist imparting flamboyance to the beginning of the second subject. So the movement continued, with opportunities for rhetorical gestures, consistently resisted; even the false cadenza

that begins the coda was decidedly functional in intent and the centre of gravity switched to the subsequent horn solo, which Mr. Brendel bathed in the most delicate of decoration.

Yet even without the conventional frissons, it remained a deeply satisfying version of the concerto. An utterly limp and straightforward Adagio (the orchestral strings warmly hymnic) was able to generate tension at its own pace and the tension then brilliantly discharged in a brittle, almost slapdash attack on the finale. Thereafter composure and elegance were regained; the work was allowed to end as it had begun, with Mr. Brendel's penetrative intelligence justifying every one of his unexpected interpretative decisions.

ANDREW CLEMENTS

## Rattigan comes to the National

by ANTHONY CURTIS

When the curtain goes up on *The Browning Version* at the National Theatre tomorrow it will be the first Rattigan play to grace its boards since the theatre was opened not just on the present site but even at its previous Old Vic address. Let us not dwell on this shameful neglect now happily ended, but look back to the period when the play and its sibling *Horlequinade*, also revived, were first produced.

When *Playbill* was first performed in 1948 Terence Rattigan was Britain's most fashionable playwright. He was not yet 40 and he lived in Albany, Piccadilly, in a style not unworthy of Oscar Wilde, whose play *The Importance of Being Earnest* he knew by heart. He had read it so many times. Previously he had served during the war in the RAF in the role of rear-gunner in Wellington bombers.

Service life had not prevented him from continuing to write plays. In 1942 his *Flare Path* gave a vivid impression of the operations of a Bomber station observed from the viewpoint of a public house in Lincolnshire. In 1943 he had used his own rooms in Albany as the setting for a comedy of wartime London and wrote-pulling in high places; and in 1944 he had produced *Love in Idleness* about a Canadian-born politician inspired by Lord Beaverbrook, who runs into trouble when his mistress's son arrives home from America. This had started the legendary pair, Alfred Lunt and Lynn Fontanne.

For his first post-war play Rattigan had resuscitated a famous case of the 1900s, the Archer Shee affair, and had done so in a four-act framework reminiscent of Galsworthy whose works he had studied in the library at Harrow School when he began to conceive the notion of making playwrighting his profession. He called it *The Winslow Boy*.

These plays had all been successful with the London public. Rattigan's name often cropped up in the public prints, not always in the columns devoted to dramatic criticism. There was speculation about what he might write next. He aided it by dropping the hint along the theatrical grapevine that he was writing one-act plays for John Gielgud (who had turned down the role of Sir Harry Morton in *The Winslow Boy*). Rattigan sensed that conditions in the theatre had changed since the war and that plays would be of shorter duration with a single interval as the norm.

He was also keen to experiment to prove that he had the skill to solve any technical problem that he set himself. When the plays were finished he suffered two setbacks. *The Browning Version*, as the main one was called, was turned down by Gielgud, and Hugh “Binkie” Beaumont of H. M. Tennent, Rattigan's managerial boss as it were, then lost interest in it. One-act plays had not been popular since Irving's time which explains Beaumont's

reluctance; the reasons for Gielgud's decision are obscure. He may have felt that the theatre at that time ought to move in a more extravagant romantic direction than Rattigan's minute realism. It was the period of the discovery by the London public of Tennessee Williams, of Christopher Fry, of Anouilh. At any rate it was a lucky break for another theatrical management, that of Stephen Mitchell who signed up to do *The Browning Version* and *Horlequinade* as Playbill directed by Peter Glenville. The two principals were Eric Portman and Mary Ellis. They played different roles in each of the two plays. Several years later in *Separate Tables* (1954) Rattigan developed this doubling trick further.

Beaumont's rejection of the plays seemed crazy after the success of *Playbill* by both public and critics. It ran to great acclaim and Rattigan's magical moneyed aura was enhanced. The popular Press showered praise on the production and even the intellectual weeklies found much to admire. T. C. Worsley (later to become a close friend of Rattigan's) wrote in the *New Statesman* that “in *The Browning Version* Mr. Rattigan digs down several layers. His schoolmaster is much more than a facile characterisation. It is a rounded character. Schoolmasters seem to lead themselves very easily to sentimentalisation in the hands of popular writers, whether they are treated as successes or failures; but Mr. Rattigan has felt and thought his originally, imaginatively and truly. The part is excellently written and it grows in the memory.” Praise indeed from one who had himself been a schoolmaster.

The second play *Horlequinade* tended to get dismissed in a few lines at the end of the notice, and Worsley was no exception. He described it as “a green room rag in which Miss Mary Ellis and Mr. Portman have a grand frolic rehearsing *Romeo and Juliet* in the provinces. . . . There is a great deal of amusing fooling and a measure of waste here.”

*The Browning Version* unlike *Separate Tables* ran for nearly so well when it crossed the water to Broadway where it ran for 62 performances. It was however, hardly a notable film in 1951 by Anthony Asquith with Michael Redgrave as the Crook and Gielgud as the doctor, his rejection belatedly by playing the role on radio.

All this was a long time ago. The fall in Rattigan's stock with the public after the theatrical revolution in England of the late 1950s was as swift as his rise in the 1930s and 1940s had been striking *The Browning Version* continued to be a favourite with amateur dramatic societies and seaside repertory companies but it had to wait until 1975 for a revival of any class. This was staged at the National Public House in Islington, London, with Nigel Stock and Barbara Jefford in the main roles. When I went to see it I wondered how the

rest of the audience, mainly under the age of 30, would find the play.

For the benefit of anyone who has not been there I should explain that at the King's Head a meal is served before the play; those of the audience who have dined remaining at their tables for the performance. I sat at a table with three others for the show one of whom was a man in his middle sixties whose perfectly cut dark blue suit proclaimed him to be not of the usual clientele. His features were spoiled by the puffs and pastiness of his skin but his eyes contained a remarkable air of amused concentration. In front of him was a wine glass full to the brim of whisky. He sipped it nervously and waited. This was Rattigan on one of his visits to London from Bermuda where he lived.

Rattigan's curiosity as to how his play would go down on this occasion was as anxious as that of any novice playwright. Was the eclipse of his work on the London stage coming at last to an end? He was keen for a West End revival of *The Browning Version*, not because he wanted particularly to bask in his former glory, but because he had in mind a new play he wanted to write: a drama about the relationships between Hugh and Asquith and Asquith's son Raymond during world war one. Rattigan had been reading avidly in this period. It was true that he had had a new play performed in London as recently as 1973, *In Praise of Love*, a curiously moving work in two acts woven out of several strands of his own life; in spite of one glowing notice, this had not really re-established him in the minds of present West End audiences. But a strong revival of *The Browning Version* would by contrast provide just the impetus he needed to set a new work again which was what, in spite of serious illness, he wanted more than anything in the world to do.

It was soon plain, from the first moment of the play when Taplow plifters the chocolates, and then receives instruction in a golf-swing, cradled in the arms of the popular young master, that the entire audience was completely captivated by what was happening on the stage, and was delightfully surprised by the unfamiliar, tautness of the construction. By the end it was abundantly clear that the play transcends the period in which it is set. Its sense of the breaking-strain is timeless. In spite of the Himmeler comparison, the roots of *The Browning Version* go back to the time just before the advent of Hitler when Rattigan was himself a schoolboy at Harrow, destined by his father for the Diplomatic Service, playing cricket for the eleven, and observing the quaint mannerisms of his master in Greek, one Coke Agamemnon. Out of such Norris, as they construed the memories Rattigan had made his own drama of a man slain by his wife, emotionally if not physically, and somehow surviving the slaughter with his will to live just about intact.

## Wigmore Hall

### Elena Gilels

This pianist arrived with excellent credentials, arousing considerable advance interest. In addition to being the daughter of Russian virtuoso Emil Gilels, a pupil of Jacob Flier at the Moscow Conservatory and a veteran of tours in Western Europe and Japan, both demanding and unbacked, Elena Gilels chose a programme for her London solo debut at the Wigmore Hall on Saturday night.

She has a big, easy technique that draws rich, rounded sonorities from her instrument. Pedalling is clear and unobtrusive, contributing to a tone which is never forced in loud passages. All these qualities were evident

in the correct, contained reading of Mozart's quirky D minor Fantasia, K.397 that opened the recital.

And they continued to be the distinguishing features of a performance of Schumann's *Kreisleriana* in which all major interpretive choices were the classic, most traditional ones. Clear, even right-hand articulation and strong, bronze tone in left-hand octaves are not really enough for one of Schumann's most ambitious, individual and sonorous works. An understanding of Romantic diction, a more vocal phrasing of quiet melody, a greater variety of accent in strong rhythmic passages (most of which were confidently, even

brilliantly rendered) would certainly be welcome.

The impression of an introverted, private disposition, of a fluent but carefully guarded not really eager to communicate to her audience, was modified in the all-Prokofiev second half. Five of the *Visions fugitives*, Op. 2 showed a wider tonal palette and keen, idiomatic identification with the composer's vocabulary. The seldom performed Second Sonata, Op. 14 was notable for the very straight playing of the marcato Scherzo and the brilliant pianism of the fleet Finale. Prokofiev's wit and eccentricity were avoided, but the performance was an exciting one.

RICHARD JOSEPH

TREVOR BAILEY comments on the FA Cup Final—and some cheering signs for the new cricket season

## Brooking shows elegance and craft Neighbours show their character

WEST HAM beat Arsenal 1-0 in the FA Cup Final, which will be remembered more for providing yet another of those Wembley form upsets than for the match itself. The Hammers became the third Second Division club in eight years to conquer First Division opponents—intriguingly all by the same score.

In many ways it was very much a repeat of the 1972-73 final when Sunderland beat Leeds, except that the Second Division side on that occasion was not as talented as West Ham, and Leeds had considerably more to offer than the Gunners.

Arsenal are at their best and more effective, as they showed in their semi-final saga, when their defence has to absorb intense pressure and launch a counter-attack. Against West Ham they enjoyed too much possession and, finding themselves confronted by a most well organised defence, they gradually ran out of ideas. In the closing stages they were reduced to hitting high hopeful balls into a packed penalty area.

The Gunners lost because their two strike forwards—Sunderland and Stapleton—were so well shackled by the admirable Bonds and neither impressive Martin the neither able to take up a goal-scoring position. The inclusion of Devine—who had an unhappy afternoon and was eventually substituted, instead of the more experienced and positive Nelson—cost them bite down the left flank.

Although Arsenal were well below their best so that it was difficult to believe that they had knocked out Juventus from the semi-final of the European Cup-Winners Cup and Liverpool from the FA Cup, West Ham must take much of the credit for reducing their opponents' effectiveness and for capitalising on their own somewhat lucky, but decisive goal.

Trevor Brooking, standing in the path of an off-target drive, intentionally deflected the ball into the net with his head. However, even if there was an element of good fortune about the way the ball eventually found its way into the net, the move which led up to it, and the way Devonshire took on the

full-back and accurately centred just beyond the far post was one of the few highlights of an entertaining contest but not a classic one.

It was appropriate that Brooking should score as he supplied most of the elegance and constructive craft on display, suggesting that even Brian Clough can err on occasions. His distribution was not only accurate but he was frequently able to upset the opposing defence by doing the unexpected. By contrast, although Brady and Rix both on occasions dribbled past opponents and Talbot was forever running with the ball, their final pass was too predictable, and therefore easy to counter.

Once West Ham had scored in the 13th minute, Arsenal began to lay siege to the Hammers goal and the same pattern persisted for the first 20 minutes after the interval.

The heat, the frustration at being unable to make a serious impression on a well organised in depth defensive system, and the effects of an overlong

season, then began to take their toll. The result was that for the remainder of the second half the Second Division club were able to launch a number of threatening counter-attacks usually initiated by Brooking. On several occasions, they almost scored again and the 17-year-old Allen, who really suggested that his club have found somebody likely to maintain the high tradition of Peters, Brooking and Devonshire in midfield, was only prevented by a deliberate trip when clean through to goal.

West Ham undoubtedly deserved their victory because they bubbled throughout, whereas Arsenal merely ran and they also showed more imagination and finesse.

Their manager John Lyall has good reason to be delighted with every member of his side, which was unrecognisable from the West Ham I twice saw struggling unimpressively in the Second Division before Christmas. If they had maintained their Wembley form throughout the season, they must have gained promotion. I have already placed by met on them to do just that next year.

WHILE West Ham were winning the FA Cup their near-neighbours, the Essex cricket team, were taking the first step in their attempt to retain the Benson and Hedges Trophy by beating Sussex at Chelmsford.

Even more impressive was their fightback earlier in the week to save the game against Sussex, when half the side had been laid low by a virus, and their subsequent victory over Kent. These two performances show that, like the Hammers, they possess character as well as ability.

From both an Essex and an England angle, the batting of Graham Gooch has been most encouraging. He looks as if he has crossed, or is in the process of crossing, that considerable gulf dividing the very good county batsman from the true international. We shall certainly need some big innings from him this summer and next winter, if we are to challenge, let alone beat, the West Indies.

At Lords I had the pleasure of meeting two old friends, Clyde Walcott the West Indian manager, and his assistant, Cammie Smith, who both posses

the necessary knowledge and authority. This pair should make sure that the cricket on the tour is played without the rancour which disfigured their recent visit by the West Indies to New Zealand.

I was also able to see Lancashire avoid defeat at the hands of the powerful Middlesex team, largely through a most impressive innings by young Cockbain, who looks a well above-average prospect.

It is to be hoped that he continues to improve and avoids the fate of rather too many of the country's promising batsmen, who in recent years have failed to live up to early expectations.

I also hope that cricket followers in Lancashire will not have been put off by the action of Barry Wood, who refused a new contract after receiving an enormous benefit, and will support this season's beneficiary Jack Simmonds, who has been with the club for nearly 20 years.

Despite Lancashire's exciting win over Worcestershire which owed much to the swing bowling of the Australian Malone and an undefeated century from Reidy, I shall be surprised if

they prove to be championship material. On the other hand, there is a marked improvement in the dressing room atmosphere. Under the captaincy of Hayes and with Jack Bond as manager, they should certainly play to their potential, which has not always been the case in the past.

The enthusiasm for cricket in Wales is considerable. It is noticeable whenever Glamorgan play in Essex how many exiles from the valleys turn up to support what to them is a national, rather than a county team.

Since the war, under the leadership of Wilf Wooller, Ossie Wheatley and Tony Lewis they have usually done very well—often rather better than their actual ability warranted, but last summer everything went wrong. Not only did they fail to win a single championship match but there seemed no reason why they should.

It is therefore pleasant to see that last week they beat an admittedly weakened Gloucestershire by 7 wickets and on Saturday just edged home by one run against the same opponents in their opening match of the

Benson and Hedges competition. Although I do not believe this heralds an immediate remittance, it could mark the beginning of one. The victories must certainly have given their new skipper Malcolm Nash and his team much needed encouragement, while the batting from their new acquisition Mianand, suggests that Sussex never obtained the best from this highly-talented player.

The choice of Peter May as president-elect of the MCC is to most welcome. He was arguably the best post-war batsman this country has produced and was also an outstanding captain of both England and Surrey, combining tactical appreciation with a toughness and single-mindedness of purpose, largely camouflaged by his personal charm.

Having had the good fortune to have played with Peter, and under his leadership on so many occasions I have no doubt he will prove a great success in the cricket world. He will probably still the most important administrative post in the cricket world. He certainly possesses all the necessary qualities, plus an integrity which is not always fashionable these days.



## FINANCIAL TIMES

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Monday May 12 1980

# Rewards in the public sector

THIS WEEK'S House of Commons debate on the appointment of Mr. Ian MacGregor to British Steel will serve a useful purpose if MPs concentrate, not on scoring points off Sir Keith Joseph, but on the reasons why governments have such difficulty in finding people to run nationalised industries. Several well-qualified British managers were asked to take on the steel job, but declined to do so. This is not a new phenomenon. Although British Steel presents peculiarly challenging problems, other public sector appointments over the past decade have been almost equally difficult to fill. Ministers have had to scour the country and the world for recruits and have sometimes had to settle on people who were clearly not right for the job.

## Changing rules

There are two main reasons for this. First, many top-flight managers in the private sector do not regard the chairmanship of a nationalised industry as a real job: the objectives are unclear and the rules of the game can be changed from day to day by Ministers and civil servants. Governments have tended to look on nationalised industries not as businesses but as instruments through which to achieve other objectives, whether it is to preserve employment or to knock a few millions off the Public Sector Borrowing Requirement. Second, salary rates are not competitive with the private sector and are subject to political interference.

In these circumstances governments have had to draw to a large extent on people who are prepared to join the public sector out of a sense of patriotic duty, because they regard it as an honour to be asked or because they like the prestige that goes with it. These are not unworthy motives. That the effect of relying too heavily on them is to narrow the choice of potential recruits; younger men in their forties and early fifties are less likely to join the public sector than those who are nearing the end of their business careers.

## Humiliating

In the case of British Steel an undignified and public search for a successor to Sir Charles Villiers had gone on for many months. The Government's desperation, and the weakness of its bargaining position, explains the humiliating terms which Lazard Freres,

the New York investment bankers' were able to extract for releasing Mr. MacGregor. The deal is extraordinary even by American standards. Top American executives are often tempted to change jobs by a combination of high salary, performance-related bonuses and other inducement, but he beneficiary is the man himself, not his previous employer.

Yet the very oddity of Mr. MacGregor's contract could make it something of a watershed in public sector appointments. Ministers have said that if he turns British Steel from loss into profit, the sums involved in recruiting him will pale into insignificance. This implies that, in the Government's view, it is worth paying a very large sum of money to ensure that a job which needs to be done is done. Moreover, the Government has also accepted the principle of relating pay to performance. It is high time these salaries were taken out of the Boyle Committee's procedure. The Government should pay a competitive rate for the job, supplemented where possible by performance-related bonuses.

## Objectives

The other novelty in Mr. MacGregor's appointment is the agreement to establish performance criteria, covering profits, sales, productivity, labour relations and other matters; the payments to Lazard Freres will depend on how well he performs against the targets. The Government will be forced to spell out in some detail what it wants Mr. MacGregor to do. If the same principle were applied to other nationalised industries, it would go some way towards removing one of the factors which makes these jobs so unattractive—the lack of clarity about objectives.

Nationalised industries, especially the public utilities, will always pose particular problems of accountability; the pressures on the chairman are greater in many ways than those which apply in the private sector. These pressures can be reduced but not eliminated by decentralisation and in some cases by the introduction of private shareholders. Given the unavoidable differences between public and private sectors, the Government has to ensure that the chairman of a nationalised industry knows what he is expected to do, has the resources and authority to do it and is fairly rewarded for his work.

# Increasing the City's appeal

TODAY THERE are talks between the British Bankers' Association and the Bank of England on the matter of banking liquidity. On one plane these are specialised discussions about banking. The Bank, vested with new regulatory responsibilities, is inclined to insist that banks in the City of London should match short term deposits—and in particular, interbank deposits—with a very liquid spread of assets. The banks argue that in their competitive business the Bank's inclination is unrealistic. Such is the measure of disagreement that a compromise will have to be found.

## Fearful

On another, more general, plane these discussions are a fresh reminder how the style of regulation, or self-regulation, is crucial to the City's future as an international financial centre. On several recent occasions the desire to sustain club rules within City institutions has led to attitudes which are, on the face of it, xenophobic.

The Committee of Lloyd's initially resisted foreign takeover of Lloyd's insurance brokers because it feared that outsiders would not feel bound by club rules. Now it appears to be bowing to business reality and to be letting them in.

The Stock Exchange, given the abolition of exchange controls for which it had cried so long, tied itself in knots deciding how best to allow its members to make use of their new freedom. Convinced that its powers of self-regulation were intimately bound up with its unique distinction between brokers and jobbers, it has devised an elaborate and probably unsustainable system to preserve that distinction whatever its members do abroad. The same distinction makes it very difficult for a foreign securities house to become a member of the London exchange.

Recently, Accepting Houses Committee, an elite group of merchant bankers, decided that the takeover of Anthony Gibbs by Hong Kong and Shanghai Bank made Gibbs

ineligible for membership. The ineligible for membership. Yet the irony is that Anthony Gibbs acquires a more formidable presence in the City precisely because of its new ownership.

A desire to preserve club rules—reinforced by plain self-interest—run through these three examples. Yet that self-interest might best be served in the long run by combining high standards with an openness to members from outside. The Bank of England can hardly be accused of xenophobia in the guidelines for liquidity, capital adequacy and foreign exchange exposure which it is now seeking to impose under the Banking Act. Its approach is, if anything, more lenient to foreign banks than it is to British ones. The problem here is that the Bank is markedly toughening its regulation of a business which has a preference for banking centres where rules are lax.

## Services

There is today a gradual decline in the international role of the dollar. There is a decline in the dominance of the international banking business by U.S. banks. There is an erosion of the regulatory advantages which have made London the offshore centre for both this currency and these banks since the late 1950s.

These may be some of the reasons why London's share of the fast growing eurocurrency business has recently shown some decline. Another reason is that the banking, insurance and securities businesses are all becoming more diffuse geographically as communications improve, as services become more important within developed economies, and as the centres of wealth and business opportunity shift across the world. The relative decline of the British economy has left its mark upon the City too.

Under these circumstances the institutions of the City of London, whether regulatory or self-regulatory, have to strike a delicate compromise between discipline and exclusivity on one hand and international appeal on the other.



The protagonists (left to right): Lord Wedderburn and Lord McCarthy, who will be challenging the Bill in the House of Lords; Lord Scarman, the Law Lord who has argued for keeping the courts at a distance from industrial disputes; Mr. Victor Matthews, of Express Newspapers, which last week obtained an injunction against print unions defied by NATSOPA, whose general secretary is Mr. Owen O'Brien

# The unions and the judges

By CHRISTIAN TYLER, Labour Editor

ONCE IT is shown that a trade dispute exists, the person who exists but not the court, is the judge of whether his acts will further the dispute. If he is acting honestly, Parliament leaves to him the choice of what to do.

"I confess I am relieved to find that this is the law. It would be a strange and embarrassing task for a judge to be called upon to review the tactics of a party to a trade dispute and to determine whether in the view of the court the tactic employed was likely to further or advance the party's side of the dispute. And the difficulties which have beset the Court of Appeal in their attempt to formulate a test are a persuasive argument for keeping this act of judgment in the industrial arena and out of the judicial forum."

It would need very clear language to persuade me that Parliament intended to allow the courts to act as some sort of back seat driver in trade disputes."

—Lord Scarman, giving judgment in the House of Lords in *Express Newspapers v. McShane*.

## Arbiters in disputes

The authority of the British courts is once again being challenged by trade unionists. This time there is no trade dispute—Wednesday's "Day of Action" can only be described as a political protest—so Lord Scarman's remarks do not bear directly on the legal action brought by Express Newspapers last week against printing union leaders. But what Lord Scarman has done, in a judgment in one of the most important labour law cases of recent times, is to expose again the roots of a controversy that is now raging once more because of the Government's Employment Bill. How far should judges be called on to act as arbiters in industrial disputes?

The defiance shown by the print union, NATSOPA, to Mr. Justice Griffiths' order last week has put the question even more acutely. And, depending on further developments, it could also put trade unionists in jail for the second time in eight years.

NATSOPA and the other trade unions admit there was no trade dispute to justify their advice to member to stop work on the day. But they went on to contrast the technical illegality of their advice that members should break their contract of employment with what they called "the hard-fought-for right to freedom of assembly" or "the right of trade unionists to withdraw their labour."

This motif runs right through the TUC's many submissions on the Employment Bill. While trade union leaders have been careful to avoid saying that they do not respect the law, they have warned that they may be "forced" to become outlaws. For example, when tackled on this point by Conservative backbenchers in a recent session of the Select Committee on Employment, Mr. Harry Irwin, of the Transport Workers, declared there were occasions when defiance of the law by trade union members was justified. The implication, again, was that there are unwritten rights more sacred than the restrictions imposed by statute law.

At the same time, a judgment last week against Granada Television requiring it to disclose its source of information inside the British Steel Corporation has been quoted by trade unionists as support for their own case. If, they say, it is right for a journalist to go to jail rather than surrender the identity of his sources, then it is no less right for a trade unionist sometimes to defy the court.

Whatever the merits of such arguments, events of recent days strongly suggest that all the old antagonisms between judges and unions stirred up by the 1971 Industrial Relations Act are resurfacing—even before the Employment Bill that seeks to put new curbs on trade union behaviour reaches the Statute Book. Not that the hostility was very far below the surface: the "creative" judgments of Lord Denning in the Appeal Court—often as not overturned on appeal to the House of Lords—have kept the issue on the boil.

Foreign observers of the British scene may well be

shocked by this unresolved dispute between organised labour and the courts. After all, many European countries have legal frameworks for industrial relations every bit as tight as that proposed by Mr. James Prior in his Bill. (In the U.S. the framework is even tighter, but the law is widely flouted by unions and employers alike.) This has prompted Mr. Prior and his colleagues to ask whether it would not be better to replace trade union immunity for civil proceedings during certain kinds of industrial action by a charter of positive written rights on the Continental model.

The solution adopted by the last Conservative Government was to create—again following overseas example—a special labour court that it hoped would win the confidence of both sides of industry as it set about applying, in informal surroundings, the provisions of the bold 1971 Act. But the National Industrial Relations Court was ignored, found itself obliged to send five dockers to jail and to sequester the assets of the Engineering Union so that it ended its life—in the view even of some of its own members—as a threat to traditional British respect of the law.

## INDUSTRIAL RELATIONS LEGISLATION

1971—Industrial Relations Act (Conservative). Set up National Industrial Relations Court, virtually banned closed shops, provided for emergency strike ballots, introduced legally binding agreements, and registration of trade unions. Concept of "unfair industrial practices" for adjudication by NIRC.

1974—Trade Union and Labour Relations Act (Labour). Substantially repealed IR Act, but Conservative amendment excluded breaches of commercial contract from legal immunity.

1975—Employment Protection Act (Labour). New individual rights, plus statutory procedure for trade union recognition and extension of "fair wages" principle.

1976—Trade Union and Labour Relations (Amendment) Act (Labour). Repealed sections of TULRA 1974, narrowed closed shop exemption clause, gave specific immunity to breaches of commercial contract in trade disputes, and provided for Press "charter" to deal with Press freedom and closed shop controversy.

December 1979—Employment Bill (Conservative). Narrows closed shop exemption, limits lawful picketing, offers public funds for secret union ballots, repeals parts of EP Act 1975, including statutory recognition and "fair wages" procedures; withdraws (by Government amendment) immunity for most "secondary" industrial action.

This time, therefore, there is to be no NIRC. Mr. Prior does not particularly want or expect employers to flood the High Court with the kind of action that it would be open for them to launch when the Bill becomes law. But the signs are that employers are increasingly ready and anxious to seek redress: the decision of Mr. Victor Matthews, chairman of Express Newspapers to seek an injunction against five trade union officials for inducing breaches of contract for political ends is not entirely unprecedented (a similar case was made by newspaper proprietors against SOGAT in 1970) but it is certainly symptomatic of the present mood.

There is a feeling, too, that the unions, politically powerful during the Labour Government, are now on the run. Shop floor revolts against militant policies, demands for secret ballots and now widespread rank and file reluctance to obey the TUC's call on Wednesday all seem to point in that same direction. Nor is the Opposition in much shape. With an unassailable majority in the House of Commons and with its natural advantage in the Lords, the Government is expected to have

no difficulty in getting the Employment Bill onto the Statute Book by the end of July. The Bill goes to the Lords carrying a number of minor amendments from its Committee Stage in the Commons and a major amendment introduced by the Government designed to prevent trade union members exerting indirect economic pressure against an employer with whom they are in dispute. It is against this proposal, involving a fundamental but technically complicated change to trade union civil immunity, that the TUC had directed most of its fire. There will be more salvos in the House of Lords where industrial relations academics such as Lord Wedderburn and Lord McCarthy will try to shake the Government.

One argument likely to be deployed is that the amendment would restrict direct as well as indirect industrial action, despite the draftsmen's efforts to provide clear statutory language, by reimporting into this area the notion of "unlawful means." Again, the arguments are technical, if not obscure. A second prong of the attack will be directed at the Government's restriction of lawful picketing to the place of a dispute (and with some exceptions) to people involved in the dispute. The question here—one in which the Select Committee whether Mr. Prior's new civil law will lead to more criminal prosecutions. Chief Constables have told the Committee that they do not expect to be involved: it will be for employers to bring action against, for example, "alien" pickets. But the TUC has warned the Committee that the civil restrictions are bound to mean more arrests for offences like obstruction.

Government spokesmen do not expect the Bill to suffer in the Lords any more than it has done in the Commons, where the Opposition front-benchers made virtually no impact except in more peripheral areas such as ante-natal provisions for working mothers.

Indeed, the liveliest proceedings in the Commons were due to amendments launched by Conservative Right-wingers on

the back benches who feel (as does Mrs. Thatcher herself) that the Bill should be going much further than it does.

"Secondary" action, picketing and the provision of public money for secret ballots have been the subjects of most public interest. For most employers and union members, the sections dealing with individual rights—currently embodied in the Employment Protection Act of 1975—will be more relevant to the daily conduct of industrial relations.

## Protest from employers

In this section of the Bill there is only one argument that could still surface: whether or not pay claims based on the going rate for an industry or area should still be subject to statutory arbitration. After protests from the Engineering Employers' Federation that its national minimum wage agreement could be undermined by the repeal of this "fair wages" schedule of the Employment Protection Act, the Government extended the period set aside for consultation. It remains to be seen whether its decision to repeal the whole schedule is absolutely final.

Even when the Bill becomes law, the debate will continue—a debate which Mr. Prior himself has welcomed. The Government is committed to a wider review of immunities in a Green Paper due at the end of the year. Ostensibly, that is to pacify the back benches—and some on the front bench, too—and consider what further legislation will be necessary.

But if Mr. Prior could count on getting his way there would be no more legislation of the present sort. There might be instead a few sugar lumps for the battered TUC cart-horse, designed to win the trade union moderates over and restore relations. To some extent, the Employment Secretary is at the mercy of the unions as well as of the Cabinet. A rough winter of wage strikes would probably scotch that strategy—and it is already easy to find people predicting the worst.

# MEN AND MATTERS

## Looking for eminence grise

Some genteel behind-the-scenes lobbying of Labour's intelligentsia is about to take place for the presidency of the Fabian Society, following the death at 87 last week of Dame Margaret Cole, one of the grand dames of the Labour Left, and friend of the two stars in the Fabian firmament, Sydney and Beatrice Webb.

She had been president of the Fabians since 1963 and in many ways personified the society's traits, not least a veneration for leaving her body to medical science. Nursing the distinctive faith in research and the hope that a good pamphlet would solve much, if not everything, she also had that endearing way of speaking her mind in a polite 1930s manner.

The question of who, if anyone, will replace Dame Margaret has proved anxious thoughts in Hampstead and its leafier environs. Two front runners emerge. Tom Parker, 73-year-old Labour MP for Barkingside, is one of the doyens of active Fabianism, having been in the House of Commons since 1935. He has been the Fabians' vice-president since 1973. Members who were scattered through Labour Governments since 1964 seem, however, to be plumping for Sir Harold Wilson.

Bill Rodgers, Labour's shadow defence spokesman and a one-time general secretary, sees the appointment of a new president as a matter of honouring one of the members rather than filling a vacancy. "We've often done without one," he told me yesterday. He agrees that it should be someone "long on experience and pretty advanced in years. Sir Harold is on obvious choice."

Another active Fabian, curiously, Anthony Wedgewood Benn, sits on the executive. Given the shortage of candidates, was Benn, a possibility? "Oh no," says Rodgers. "Lac-



ceivable." Although he feels Ben's style of "bringing originality into politics" consort with Fabianism, it would be "improper" for a president to be in the full flood of his political career.

## Donald ducks out

With the unexpected return to South Africa of Donald Bilton, the property and housebuilding group Percy Bilton (founder and chairman: Donald's Dad) has lost the man widely tipped to become the next chairman.

Donald, Percy's eldest son, came back to join the board at the request of his father about two years ago. Having spent much of the intervening time sorting out his South African farming interests, he has decided that they need his full-time attention. The winds of change are still blowing strong, and were no doubt an important factor. A somewhat less flamboyant character than his father, Donald Bilton stepped down—almost unnoticed—as an executive director a few months ago. The Bilton family holds about 36 per cent of the equity in

the Bilton group; its wholly-owned properties were last week valued at £118m, a rather conservative estimate, according to some.

While the decision of "Mr. Donald" to leave upsets plans to instal that specific Bilton at the head of the boardroom table, I hear there are several first and second generation Biltons who might be prevailed on to fill the breach. Meanwhile, the effect of Donald's departure is mitigated by the presence of joint managing directors Ronald Groom and Alan Smith, who have capably held the fort with the octogenarian Percy since 1968.

## Weasel ways

Lawrence Hills, doyen of ecological gardening, is busy trumpeting the virtues of weasels as a suitable accompaniment to compost and organic fertilisers. Apart from weasels' highly effective raids on rabbits and hares, their droppings are said to be all the rage among more progressive elements of the leached gentry. "Dry and easily handled" weasel droppings deposited down the runs of unsuspecting moles will apparently keep them away from lawns, leaving the croquet players above ground with the lawn to themselves.

The Henry Doubleday Research Association of 7,000 organic gardeners, which Hills runs, will shortly be publishing a paper written by a naturalist member on the virtues of weasels. Who is the weasel-fancying naturalist? "I'm keeping him dark," says Hills, "because he knows the kind of publicity he would get—TV and all the rest of it. He doesn't want it. Science never forgives a bestseller."

My own non-chemical method of making war on moles was learned from a Danish count in northern Jutland. It involves a high consumption of champagne, though wine or even Tiger might do. First drink the champagne, then bury the bottles in the

greenward with just the necks showing. As the wind blows, a hollow whistling sound is produced. Both my Danish friend and I are convinced that this induces absolute terror down below. Another advantage is that it makes the lawn quite unsuitable for cricket, croquet and other over-energetic activities which do so much to spoil a sunny afternoon.

## Still partners

Contrary to the impression I conveyed last week, Rothschild Investment Trust does retain more links than a shared telephone number with the merchant bank N. M. Rothschild. Jacob Rothschild tells me that RIT owns 11½ per cent of Rothschild Continuation Limited, which in turn owns 100 per cent of the bank. "N. M. Rothschild owns approximately 7 per cent of RIT, so it also is a very substantial shareholder. I am a director of Rothschilds and also chairman of RIT, so there is a remaining link over and above that."

## Cafe-outback

Much as they seem to dislike her, the French have taken a leaf out of Mrs. Thatcher's book in reducing the degree of State interference, where it really counts—in this instance in the cafe. Economics minister Rene Monory is removing price controls from two of the best buys in France—the demi and the sandwich. But experts predict few riots. As one cafe-owner explained to my man at the bar: "I have to limit the price of two sandwiches, one cheese, the other sausage. I go for garlic sausage and melted cheese. People don't seem to like them."

Interestingly, however, coffee, mineral water, lemonade, fruit drinks, milk and syrup.

Observer

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# FINANCIAL TIMES SURVEY

## BUSINESS TRAVEL

The world is getting smaller for business travellers as it becomes easier to get from one part of the globe to another. Although many services such as hotels and air flights have been geared to their needs—and are being improved to the general benefit—delays and other frustrations of modern travel remain.

### Huge efforts to woo custom

By Arthur Sandles  
Travel Correspondent

THERE ARE times when the business traveller feels a little like a good marriage prospect: someone to be wooed with flattery and promises and then treated badly when they are hooked. There is certainly little doubt that if business travel was like the advertisements say then all the world would be fighting to become part of the international sales corps.

The reality, unfortunately, is often one of crumpled suits, crowded airports, sticky traffic jams, jet lag and hamburgers.

To get the business executive away from all this is not, in fairness, just a dream on the part of hoteliers and airlines. The business travel market is a huge one internationally—the bedrock of the travel business. Winning the loyalty of such a market is an essential part of any travel industry marketing man.

Customer loyalty, encouraged by promotion and retained by everything from service to discounts and credit cards, is a recurring theme in all aspects of business travel. The business traveller is indeed regarded as quite a catch.

The reason for this affection for the business community is that the market is one which shows remarkable stability. The vagaries of fuel crises and currency fluctuations have an effect, of course, but to nothing like the extent that they have on pleasure travel. In areas of political disturbance it is the business people who are the last to leave and the first to return.

To this basic stability is allied a willingness to spend money at a somewhat faster rate than is the case with holidaymakers. The negatives in this seemingly attractive formula are mostly centred on the fact that the business community is considerably more demanding than the leisure traveller. Service must generally be good and standards high.

#### Consistent

Most of the success stories in the business travel industry are based on the ability to provide a consistent standard often in widely-varying locations. A lot of hotels, travel agents and even car rental companies abandon the task of serving the business community simply because of the demands of the customers in this field.

There are many reasons for the consistent strength of the business travel market. Not least of these is the continued

geographic expansion of corporate activities. Companies which were once confined to one country, or even one area of one country, are now spreading their activities over a much wider area.

Once this spread has started it is extremely difficult to stop at short notice, regardless of what happens to currencies or costs. Even where such changes take place they are often only changes in flow.

Trust Houses Forte, for example, discussing the impact of the strength of sterling against the dollar, says that during the past year or so the loss of U.S. business from Americans visiting Britain to buy has been made up by a rise in the number of sales people arriving eager to take advantage of the new position.

Several strings have been added to the business travel bow over the years. Conference and exhibition travel was a major growth market in the 1960s and 1970s and even now shows a surprising resilience in times of economic circumstances.

Incentive travel, a major market in North America, has shown gradual development elsewhere, but perhaps not in the spectacular fashion its proponents once suggested it might.

Basically the business person is both loved and hated in the travel world: loved for his custom and hated for his demands. But what are these demands that the business community makes? Well, there have been various investigations into this subject—it is after all the

secret of success and many people in the travel industry would like to find the key.

In fact most of the demands come down to two words—availability and speed. The business traveller wants a room, a car, an airline booking, a meal or a telephone call quickly, and that "quickly" has to be at any hour of the day or night.

Most criticisms of service tend to be over delays rather than anything else: check-in delays at airports, the often appalling delays in check-outs at hotels, the long waits for room service coffee and the rush for cars as the 747 disgorges its full load of business visitors at a badly-designed airport.

#### Battle

The battle to cope with these complaints is a major field of operation for those in the travel business.

Join the No. 1 club and we will cut down the wait for a car, says Hertz. Be part of the Executive Club and you never need see our cashiers, says Hilton. Get one of our credit cards and your office is no further away than the nearest phone booth, says Bell Telephone and pretty well every telecommunications service in the world.

The dilemma for the business traveller concerns the question of whether the cost of all these facilities, which is inevitably built into the rates, is justified. The traveller who does not need a rental car that can be left anywhere, or an hotel room with hot and cold running room service, may be well advised to shop around before being

bullied into going for the prestige brand names.

It is by sensing that there was such a market that a further stratum of international companies has developed in the past couple of decades, companies and co-operatives which are built on a more modest range of services and, they would argue, more modest tariffs. Such names as Budget, Thrifty and Dollar have grown strong in the car rental field just as Holiday Inn, Travelodge and Best Western have done in the hotel industry.

It is, however, in his experience of airlines that the traveller finds most room for delight and despair. It is a rare regular flyer who does not have some horror stories and a few pleasant tales.

Airlines have done a great deal to encourage business travel but at the same time have gone a long way along the road to alienate it by ignoring the basic principle that he who buys the most should pay the least. In flying the more you do the more you are likely to pay.

The prospects for the business travel market over the next few years look to be set fair, in the sense that they are neither good nor bad. Commercial activity may be depressed but so deep is business committed to long-distance trading that any substantial cutback on travel would be extremely difficult to achieve. What is likely to take place, however, is a greater emphasis on cost control.

Prospects for the business traveller, however, look relatively rosy. There seems little doubt that hotels and airlines

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will be unable to sustain their tariffs at levels which will match the inflation rate. When things are booming hotels tend to maximise their margins; when things are bad they have to suffer rate as well as volume losses.

#### Benefits

All this is happening, and likely to continue happening, at a time when the holiday market is shaky. Thus the travel industry is putting more effort into the business field.

In theory the business traveller should reap the benefits of a buyer's market as a result. It does not mean that the flight will necessarily always leave on time, or that room service will actually deliver breakfast when requested. But it does mean that he is going to be even more heavily wooed in the future.

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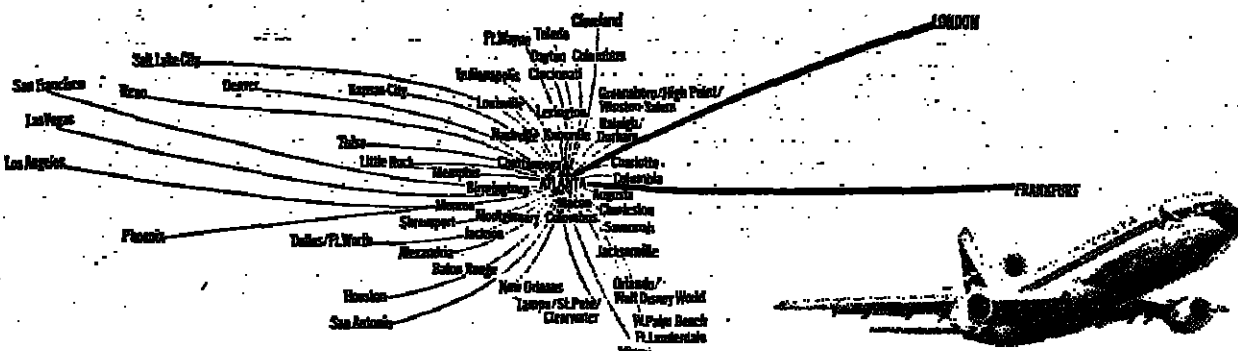
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## BUSINESS TRAVEL II

## Airport delays are inevitable

FOR THE businessman who travels extensively, the problem of negotiating his way through airports round the world has become one of the less attractive aspects of any journey.

This is not just a problem of congestion, although at many airports this is becoming severe—for example at London Heathrow. If both scheduled and non-scheduled traffic are taken together, it is estimated that more than 1bn passengers are now flying throughout the world every year.

While last year the expansion was 10 per cent, this year it is expected to be rather lower, perhaps between 5 and 7 per cent. But there will still be enough ties in many Western countries, as a result of economic difficulties, to cause problems for airport planners and travellers alike.

Contributing to this problem of congestion, apart from the rising volume of traffic, are several other factors. One is that because of vociferous environmental objections in many Western countries, involving communities round airports, it has been almost impossible for the planners to extend airports to keep pace with the growth in demand.

As a result, in many Western countries, some airports are already too small to cope effectively with the traffic they have to bear, and the pressures will become even more severe with the inexorably rising flow of passengers expected through the 1980s and beyond.

In many countries of the Western world, the environmental objections have already become so severe as to make it almost impossible to lay down new runways at any existing airport, while in some places it is becoming increasingly difficult to develop new terminal

buildings also.

The classic examples of such difficulties can be seen in the recurrent debate, which has now lasted for over 20 years, on how to cope with the growing volume of air traffic serving London and south-east England. It has taken a major Public Planning Inquiry to win approval for the fourth terminal at Heathrow. Another such inquiry is under way into the proposed second terminal at Gatwick Airport, south of the metropolis, and another, similar, inquiry is planned on the proposed Stansted Airport, in Essex, to the north-east of the city.

The strength of the environmental lobby in the UK is such that it is by no means a foregone conclusion that there will be a third major airport for London at Stansted. It may well be that the Maplin plan for an airport on reclaimed land off the Essex coast will have to be revived, whether the airline and travel industry like it or not.

Another contributory factor to current congestion is the airlines' own desire—often supported by the passengers themselves—to arrive and depart at certain times of the day, mainly the early mornings or early evenings, thereby creating peaks which strain not only runway capacity but also terminal buildings and ancillary facilities such as customs and immigration and baggage handling services.

While many airlines are now trying to solve this problem by scheduling their aircraft to arrive and depart at less congested times (often with the encouragement of airport authorities through cheaper landing and aircraft parking fees), it nonetheless remains a serious problem.

But congestion is not the only reason for the difficulties encountered by passengers moving through airports. One is the

basic inadequacy of many airports throughout the world.

While, to be fair, much effort has been put into making airports clean and bright places at which to start and end an air journey, it is a fact that in virtually every country every airport is designed differently, so that no one airport is quite like another. Thus, a passenger making a journey encompassing several different countries frequently finds himself confronted by an almost bewildering array of different airport systems, with signs in different languages, and different techniques of customs, immigration and baggage handling.

## Uniformity

Efforts have been and are still being made by such bodies as the International Air Transport Association, representing the airlines, and the International Civil Aviation Organisation (the aviation technical agency of the UN), to introduce some measure of uniformity into airport design, but it is difficult for these bodies to entirely eradicate the natural desires of some countries to make their airports symbols of their own national sovereignty and character.

Some also have allowed their designers and planners free reign, and some strangely futuristic designs have emerged in recent years, such as the circular main terminal at Charles de Gaulle Airport, Paris, whose hollow core is criss-crossed by tubular glass and steel passageways conveying bewildered passengers from one level to another in search of either their baggage or their aircraft.

It is perhaps significant that at Charles de Gaulle, the planners, in developing the additional terminals there, have abandoned the circular design

and reverted to the "linear" concept of terminal buildings on either side of a central main access road.

Similarly, at Heathrow the original concept of a central terminal area, linked to the outside world by an access tunnel passing beneath the runways, has proved inadequate to cope with the traffic it now has to bear—it is nearly at saturation point of 30m passengers a year.

As a result, the British Airports Authority, for the fourth terminal now approved by the Government, is obliged to move back to the edge of the airfield, with a large new building on the south-east side. This should make for easier access for the 8m passengers expected to use the new terminal every year from the mid-1980s.

The overall problem, of course, is that air travel has always developed much faster than the planners expected, with the result that their fine buildings of marble, steel and glass are frequently out of date even before they are completed, and in full use. Consequently, at nearly every major airport throughout the Western world, construction never ceases, and there is always something new being added, or something being improved, wherever one flies.

There is no reason to believe that this situation will change, except in a very few places in the world where the planners, with unlimited cash at their disposal, have taken a big jump into the future and designed terminals that should be able to cope with traffic up to the end of the century and beyond. Examples are the new airports at Jeddah and Riyadh in Saudi Arabia.

In many of the underdeveloped countries of the Third World, where air transport is still in its comparative infancy

but developing rapidly, airports remain primitive places, with limited facilities for travellers. Much of the \$40bn that is expected to be spent worldwide during the 1980s on airport developments of all kinds is likely to be spent in these countries, and it is there that most scope exists for the airport designers to achieve the uniformity of passenger and baggage handling systems that is so lacking in the West.

In the U.S., where air travel is much more accepted as a way of life than elsewhere, such facilities as kerbside check-in, "executive express" channels that separate businessmen from other travellers, and "trickle-loading" of aircraft as passengers check-in at the gate, are commonplace. They all help to avoid that irritating last-minute crush of passengers trying to squeeze into the aircraft at once that is all too frequently seen in other parts of the world, and which causes unnecessary delays.

Contrary to some travellers' beliefs, the majority of airport authorities and planners are concerned to avoid unnecessary congestion and delays, which cost everyone money.

The biggest single contribution would be to achieve some kind of international co-ordination, not only in airport design, but also in handling techniques, and especially in the elimination where possible of customs and immigration formalities (for example, between member countries of the EEC).

The airlines are trying to do it through the IATA, but so far there is little real evidence of similar efforts by the airport authorities themselves or their governments.

Michael Donne

## Cabin class moves made by airlines

OVER THE past two years the major scheduled airlines have shown a welcome resurgence of interest in the business traveller.

For much of the 1970s, the emphasis in scheduled air travel, and especially long-distance travel, was on providing many new types of cheaper fares to stimulate the mass "travel market." This worked well for most operators, and there is little doubt that the type of passenger travelling by air broadened considerably, with many more coming from lower income groups than might otherwise have been the case had the cheaper fares not been introduced.

But this cheap fares "explosion"—in the form of Budget Class, Stand-By, and other promotional rates—had one unexpected result, an increase in the volume of dissatisfaction and complaint from those paying the full Economy Class rates who found themselves travelling in the same cabins and receiving the same kind of in-flight service as those flying at cheaper rates. For some time, the airlines appeared to be either unaware of this, or to find it convenient to ignore it, in their desire to satisfy the large, new, untapped market of low-fare travellers.

But, as economic conditions have become tougher, the airlines' attitudes have changed. They have at last recognised that while it may be beneficial in some ways to cater for mass travel, it is still the substantial volume of businessmen who underpin the scheduled services.

## Willing

Many of these business travellers cannot afford to pay the very high First-Class rates charged by the airlines, but can and are willing to pay Economy Class rates, because by so doing they can still get the benefit of flexibility (that is, they can switch their bookings between different airlines and different flights as they wish), but at a lower cost. But, at the same time, it is clearly unreasonable to expect them to travel in the same compartments, and have the same in-flight service as other travellers paying much less for the same ride.

Thus, the airlines have developed the "three-class" concept of air travel, which is spreading rapidly among major long-haul operators. Broadly (apart from Concorde, which is in a class by itself), at the top of the pyramid is First Class, at a premium fare, for which the traveller gets spacious seating, considerable personal in-flight service, with copious food and unlimited drink, and a higher ratio of staff to passengers. On some airlines, such as Singapore Airlines, Philippine Airlines, and Japan Air Lines, beds are also provided for First Class passengers, while in other airlines a reclining seat of superior comfort, such as a "Sleeperette," is often provided.

Next is the specialist class of travel which can best be described as "Second Class," and the Tourist Class fare (called Eurobudget by British Airways) is \$42.50 single, although there is also a Eurobudget Excursion return rate of \$65. By comparison, the former First-Class single fare was \$71. Air France is charging the same fares, and participating in the experiment not only on the London-Paris route but also London-Nice. So far, the results are reported by both airlines to be encouraging.

although the airlines universally refrain from adopting that phraseology, preferring instead to call it "Club Class," "Business Class," "Frequent Traveller Class," or other names. But basically it comprises a cabin immediately behind the First Class cabin, with Economy Class seating, but a more generous supply of food and drink than is available in the rear-most or "Tourist" cabin, where in-flight service is minimal, seating is tightly packed (nine or even ten abreast on some wide-bodied jets), and the prices are very low.

The airlines do not describe this last form of travel as "Third Class," which is what it is, but adopt instead different titles such as "Discount Class" or "Economy Section."

So far, the system seems to be working well. British Airways, one of the first airlines to introduce it, says that it has been successful on the North Atlantic, where it is called First, Club and Tourist, and it has now also been introduced on the Hong Kong route and will be extended further this summer to other parts of the network.

Lufthansa is providing a Business Class cabin on its Polar and Siberian routes between Europe and Japan (from April 15), following the success of this type of travel on its flights between West Germany and the U.S. and Canada. Among the benefits in this class of travel are free drinks, a wider selection of magazines and newspapers, and free use of in-flight entertainment aids.

Qantas, the Australian airline, from May 1 is extending its Business Class service to all its flights between London and Australia, and British Airways will follow suit soon. Qantas has introduced "Sleeperette" seats on its Australian flights for first-class passengers already.

On the short-haul routes, this concept of giving the businessman a better deal has gone much further already, with the introduction of an experiment by British Airways and Air France on the London-Paris route whereby First-Class is abolished entirely, and replaced by a new Club Class of service, so that there are only two classes of travel—Club and Tourist.

The Club Class fare is \$55 single, and the Tourist Class fare (called Eurobudget by British Airways) is \$42.50 single, although there is also a Eurobudget Excursion return rate of \$65. By comparison, the former First-Class single fare was \$71. Air France is charging the same fares, and participating in the experiment not only on the London-Paris route but also London-Nice. So far, the results are reported by both airlines to be encouraging.

Eventually, British Airways wants to extend the concept to all its European short-haul routes, and it said recently that other airlines, such as KLM of Holland, and Sabena of Belgium, were showing particular interest, with talks also

under way with Iberia of Spain, Alitalia of Italy, Austrian Airlines and Scandinavian Airlines System. British Airways is thus confident that the new "two-class" concept in Europe will have spread to other routes before the end of this year.

The difference between the two classes is again one of comfort, and of the quality and quantity of in-flight service. In the Club Class, the passenger gets separate check-in, free drinks, free meals or snacks depending on length of flight, and the full First-Class baggage allowance.

In the Tourist-Class cabin, the passenger gets no in-flight service, although some beverages may be served on the longer flights, but he does get the cheaper Eurobudget fares. But in both cabins, the seat size will be the same.

## Flexible

British Airways says that with this system, it will be able to carry more passengers on each aircraft—the TriStars will carry 359 (126 Club and 233 Tourist), the Trident 3s III (39 Club and 72 Tourist), and the Copter 737s 114 (45 Club and 69 Tourist).

Another benefit is flexibility according to demand. Normally, about 30 per cent of an aircraft's capacity will be given over to Club Class, but the amount would vary according to the route flown and the time of year. A flight to the Mediterranean in the summer, for example, would have proportionately more Tourist Class passengers than, say, a flight to France in mid-winter, which would be predominantly Club Class for businessmen.

British Airways justifies this experiment by pointing out that the airline carries about 3.5m businessmen a year on its European routes, but that the proportion of First Class travellers among them is declining—whereas 20 years ago 81 per cent flew First Class, today it is only 34 per cent. Research had shown British Airways that most business travellers flew at the full economy fare and resented sharing the cabin with leisure travellers paying much less.

Beyond these experiments with fares and types of in-flight service lies the possibility of improvements to the quality of handling on the ground. For short-haul European flights, British Airways is trying to interest the other European airlines in starting no-reservations, no-frills Shuttle-type flights, especially to Paris, Brussels and Amsterdam, similar to those now operated between Heathrow and Glasgow and Edinburgh.

If this does become possible—and it depends upon the willingness of the other European airlines to follow BA's lead—it should do much to speed travel on those routes, where much of the overall journey time is at present accounted for by waiting in airport lounges.

Michael Donne

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# BUSINESS TRAVEL III

## High-speed trains challenge air routes

LORD BEECHING did British Rail a favour 18 years ago when he wielded his famous axe.

The immediate result of the cuts in lines and services was a slump in confidence to a level well below the sleepers in the lines that remained.

But in the process of re-awakening the mth numbness that the Beeching cuts brought, British Rail has emerged as a thoroughly dynamic transport industry—at least on the Inter-City routes—and one that is the rival of our partners in Europe, certainly in terms of its financial performance and its success with intense commercial marketing campaigns.

To quote Sir Peter Parker, the present chairman: "The time of the railways has come again."

Inter-City is invariably cited as the success story of British Rail, while the other operational sectors such as freight and the commuter services are rarely talked about in the same way.

In revenue terms, Inter-City is almost as important as the other passenger services, in-

cluding those for commuters. Last year Inter-City increased its revenue from passengers by 11 per cent to account for £380m of the £800m—up 14 per cent on 1978—of total passenger revenue.

But to the harassed commuters on crowded, often dirty, often unreliable and sometimes outmoded trains of our inner city and suburban areas, eulogies for Inter-City may serve only to increase their frustration. They see British Rail's investment as invariably directed to Inter-City routes and its much sought-after business traveler customers, while their own services—with notable exceptions where new trains and electrification have revived morale—deteriorate further.

British Rail defends its apparent concentration of resources on its Inter-City services by referring to the revenue-earning potential of Inter-City and how this can benefit the entire system.

But across the passenger business as a whole the latest figures show that British Rail has advanced dramatically since the

days of Lord Beeching's cuts.

Last year British Rail added 800m passenger-miles to the 1978 total to make a total of 19.9bn passenger miles the largest number since the days immediately before the Beeching axe, in 1961, when the rail network was 30 per cent larger and Britons had 7m fewer cars on the road.

In terms of passenger journeys, last year saw a total of 730m journeys recorded—the highest level for seven years.

British Rail attributes its success to the introduction on a large scale of the 125 miles an hour high-speed trains and improved marketing of existing services.

But of the £800m of total passenger revenue last year, earned on train services on 11,000 route-miles, only about a quarter came from business travelers. One-third is estimated to come from commuting, a figure which may go some way to explaining the frustration now felt by many regular commuters over investment priorities.

The balance comes from social and leisure travel.

However, the business traveller is courted by British Rail with a zest unmatched by continental railways and almost unmatched by Britain's domestic airlines, which are often regarded as the railways' main rivals.

Business travel is important to British Rail largely because most of this group of travellers pay standard fares, often first class, rather than the range of special offers which have been an outstanding success for BR.

The incentive to do a business trip in one day rather than spend a night away from home in what may be a soulless hotel room has distinct financial benefits, too. British Rail estimates that an overnight stay in an hotel could double the cost of a return rail fare.

On the longer journeys, though, especially between London and Scotland, rail is by no means the automatic choice, although it may become more so if and when the 150 mph Advanced Passenger Train—now on trials—enters service on a large scale.

### Shuttle

The estimated Euston to Glasgow time on the APT when it enters trial passenger services in the summer is four hours and 10 minutes. This compares with three hours, city centre to city centre, by British Airways' shuttle aircraft.

At the moment 85 per cent of all business travellers between London and Glasgow go by air. British Rail expects to gain between 10 and 20 per cent of this air market for business travellers when the APT is in full timetable operation. About 75 per cent of Shuttle airliner passengers have said in a survey they will try the APT.

British Rail hopes to streamline booking-in procedures for APT passengers—possibly along the lines of the Concorde booking facilities at Heathrow Airport. British Rail will provide special check-in desks and boarding cards at both terminals and this will help to overcome the problem of time-consuming queuing which often negates the advantages of high-speed rail travel.

Investments such as the APT are now urgently needed by British Rail to replace main line rolling stock bought in the early 1960s. Punctuality and reliability of services have started to suffer as this stock nears the end of its design life.

British Rail also accepts that the standards of catering on its Inter-City trains has slipped. The Central Transport Consultative Committee, the public watchdog keeping an eye on BR standards, said the high rate of failure to maintain advertised train catering services was a matter of "major concern." Eight per cent of these services, on average, were not provided last year, including those on some of the longest journeys to Scotland.

However, when the services are provided, which of course is most of the time, the standards of food and service are still praised by young and older travellers alike. Most would agree that the British Rail early morning kipper has no rivals, despite the £4.30 charge for a BR breakfast.

Business travellers often suggest that continental railways offer higher standards of service. Some do, but only on a handful of special, high-priced trains, while British Rail strives to maintain its standards on services that are much more frequent, and generally of shorter duration.

The much-improved catering and cheerful bars at many

stations are another sign of British Rail's efforts to please the traveller and provide what he needs.

The average Inter-City journey time of three hours or less is one of the reasons British Rail has not pursued the idea of installing telephones on trains—and perhaps there is no need if the standards which applied on a certain Scotland to London express are anything to go by.

The train was forced by technical trouble to stop for some time at Crewe, but rather than allow frustration to build up as passengers waited anxiously, a railman walked the length of the train taking messages, which he transmitted from the station for the passengers.

British Rail wants companies to regard rail travel as the best value for money in terms of convenience, time, and the avoidance of car travel and the stress which inevitably accompanies it. The problems of long-distance driving are certainly getting no better and in the case of persistent motorway repairs, may be getting worse.

Many companies find the simple rail account that BR will arrange with any company a valuable and easy way of coping with an executive's business travel needs. Up to 40 per cent of the estimated £200m now spent by business travellers on the railways comes through company accounts. British Rail bills the company every week and allows the normal 28 days credit period.

There are three main strategies for increasing the use of rail for business travel. First, British Rail aims to persuade new companies to use the railways; second, it is campaigning to urge existing travellers to travel more; and third, it wants more travellers to go first class.

Lynton McLain

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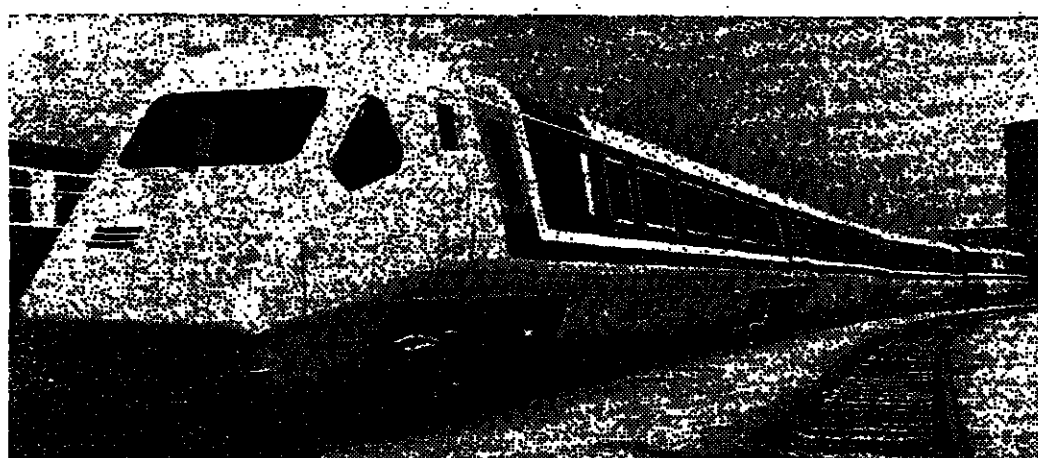
Which, naturally, makes us an airline to be reckoned with.

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With its new Advanced Passenger Train British Rail intends to bring its service to Glasgow from London down to 4 hours 10 minutes

## Specialists are able to save on fares

ANYONE WHO has bought an airline ticket or car ferry ticket in recent years is aware that things have grown complicated in the world of travel. The complications have developed at much the same time, and for much the same reasons, as companies themselves have become aware of the amount of money that is spent on travel nowadays.

Most boardrooms, which might once have regarded the travel bill as an unfortunate necessity, have now tumbled to the fact that more efficient travel can produce substantial savings. Needless to say, this is where the specialist business travel agencies move in.

The complexity of fares, particularly on airlines, these days is due to a similar cost and revenue examination. The airlines have been struggling hard to encourage new business in the form of leisure travel, without allowing the business traveller to seize upon these promotional fares in order to save money.

The problem for most companies is that to their awareness of the potential for savings and for better service is added a knowledge that the problem is best solved by some outside organisation. The problem then comes of finding such an organisation.

It is almost standard practice these days to have an in-house travel manager whose role it is to keep an eye both on the travel patterns of the company and the performance of the

travel agency being used.

It is perhaps unfortunate that many companies do not go on to keep a watchful eye on the travel manager. Any travel agency worth its salt will try to establish a friendly relationship with the travel manager and it is fairly easy for that manager to start regarding the agency as a friend rather than a supplier.

The amber light should show if an agency has not been asked to repitch for the travel account for a couple of years.

### Results

If all this talk of "agencies" and "pitching" sounds a little too much like the world of advertising it is because the comparison is a real one. A travel agency is required to produce the best results for the least money.

Travel agents work solely for a range of commissions from airlines, hotels and car rental companies. In theory they are in breach of a whole range of agreements if they offer any discounts to clients. Thus the business is supposed to compete on efficiency of service and not on price.

In fact the large buyer of travel can drive a hard financial bargain in two ways. The first, and by far the largest, saving can be achieved by finding a travel agent who can consistently meet your travel needs with cheaper tickets. In other words, the agent who has the

best grasp of rules and regulations of the air game.

The second, and perhaps more difficult way, is to find a good agent who is also prepared to give some sort of hand-back of his agency earnings. Not all agents are prepared to do this, but no business customer should worry about asking. Money saved in this area is likely to be small relative to the total spent, but is perhaps worth the effort.

Savings gained by shopping around for tickets do not necessarily mean buying from bucket shops or always flying on Skytrain (Incidentally an excellent and much overlooked service for the business community). Shrewd use of quite legal fare structures can produce substantial savings.

For example, a good travel agent will point out that a frequent visitor to a foreign city who iscon sistentl buying return fare tickets for each trip can save enormously by buying cheaper excursion fares, whose major drawback for the business traveller is a length of stay stipulation.

You use the outward part of an excursion ticket for the first stage of your journey, then buy another return ticket in the destination city. You use the outward half of that ticket to come back. You then put the two unused halves together for the return.

Nonetheless complicated? Well, when that excellent magazine Business Traveller tried it recently on the London-Stockholm run it found it could save £112 on every flight—more than £1,000 a year if someone is going a month.

Group fares, assembled by agents who find enough people wanting to go to an exhibition or conference, are another invaluable source of saving.

Although savings are a pre-occupation of the business community, their availability is not at the heart of the growth of the specialist agency market. This growth is largely due to the fact that few normal travel agents are prepared to give up the time, or invest the effort, that some business accounts require.

A good agency will offer a 24-hour year-round service (recently installed machines in distant sales areas always choose to break down on Christmas Day), a delivery system that works, the ability to get visas, and a consistency of staffing.

The last item is of particular importance. The essence of getting good service from a travel agent is that the business travel account executive should quickly get to know the quirks of his account.

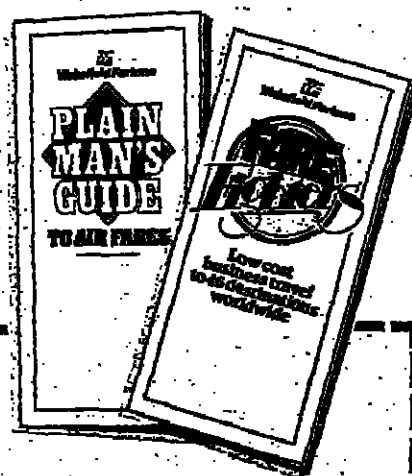
Perhaps the managing director never wants a room sales manager is a vegetarian; with a sea view; perhaps the perhaps the chief accountant is disabled; and almost certainly every member of the travelling staff has a list of airlines with whom they refuse to fly. All these are things which the agency ought to be able to remember.

Arthur Sandles

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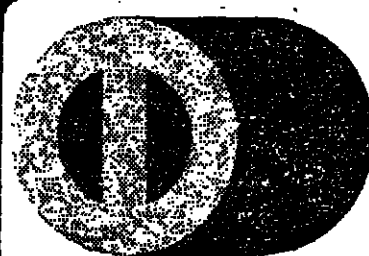
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Mr ☐ Mrs ☐ Miss ☐ Sumame

Forenames \_\_\_\_\_ Date of Birth \_\_\_\_\_ Married ☐ Single ☐

Home Address \_\_\_\_\_ Post Code \_\_\_\_\_ Tel. No. \_\_\_\_\_

Owner ☐ Tenant in Furnished Accommodation ☐ Unfurnished Accommodation ☐  
of the above address.

How long have you lived there? \_\_\_\_\_ Years \_\_\_\_\_ Months \_\_\_\_\_

Previous Address \_\_\_\_\_ How long did you live there? \_\_\_\_\_ Years \_\_\_\_\_

Bankers Name and Address \_\_\_\_\_

Bank Sort Code Number \_\_\_\_\_ How long have you held this account? \_\_\_\_\_ Years \_\_\_\_\_

Name and Address of Company or Firm \_\_\_\_\_

Tel. No. \_\_\_\_\_ Nature of Business \_\_\_\_\_ Length of Service \_\_\_\_\_

Position Held \_\_\_\_\_

Annual Salary: If less than \$5,000 please specify amount \$ \_\_\_\_\_  
In excess of \$5,000 please indicate: \$5,000-£7,500 ☐ £7,500-£10,000 ☐ Over £10,000 ☐

Additional Income: \_\_\_\_\_ Source \_\_\_\_\_

Will the card be used for business expenses? ☐ If so please indicate annual level \_\_\_\_\_

Do you have an Access Card ☐ Visa ☐ American Express ☐

Name and Address of Previous Company or Firm \_\_\_\_\_

Position Held \_\_\_\_\_ Length of Service \_\_\_\_\_

Please issue a supplementary Card to the undersigned (together with new cards from time to time in accordance with the said Rules) and charge any expenses incurred by the use of such Cards to my account. The undersigned confirms the request for such membership Card and new Cards.

Supplementary Applicant's Usual Signature \_\_\_\_\_

Signature \_\_\_\_\_ Mr ☐ Mrs ☐ Miss ☐

Forenames \_\_\_\_\_

I declare the above details are true and complete and I authorise enquiries to any of the above references for the consideration of this application, which I understand will be treated in the strictest confidence.

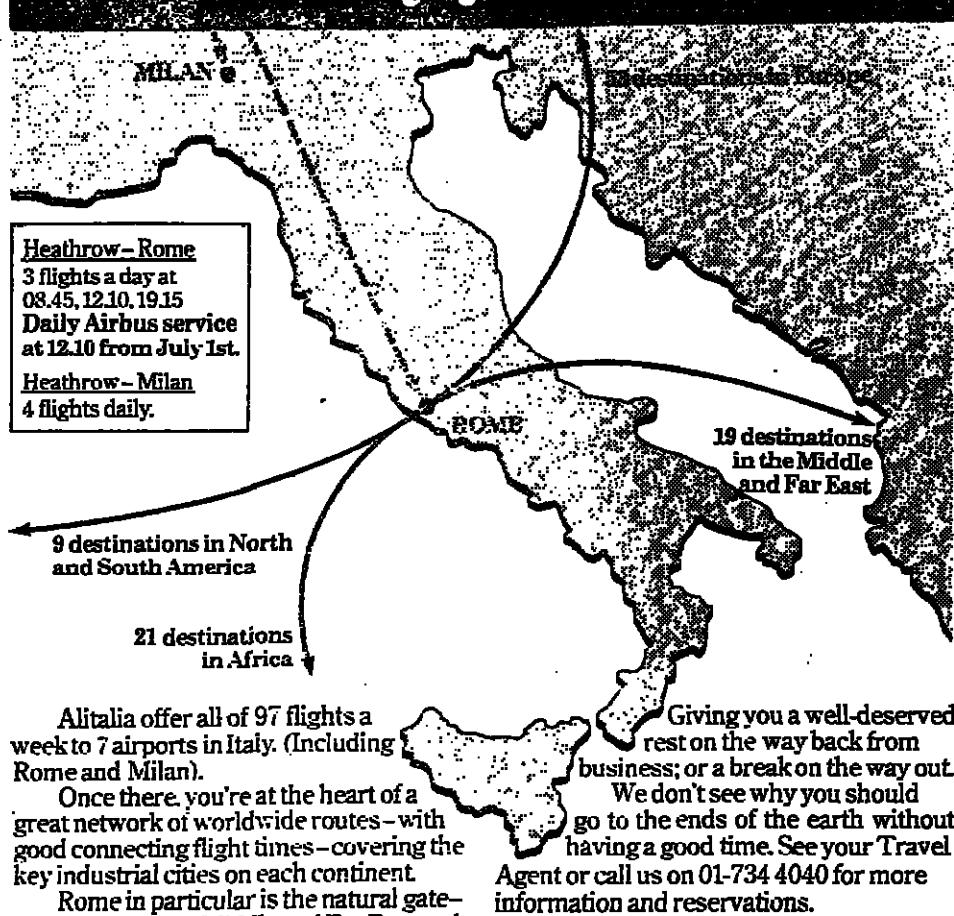
Your Usual Signature \_\_\_\_\_ Date \_\_\_\_\_

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**Alitalia**

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Visa Travellers Cheques are presently being sold in four major currencies: the U.S. Dollar, the Pound Sterling, the Japanese Yen, and the Spanish Peseta. Cheques in additional currencies are being developed to facilitate the travel needs of people throughout the world.

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## BUSINESS TRAVEL IV

# Credit cards' success continues

THE ABOLITION of exchange control regulations last October has done little to dent the popularity of credit cards and travellers' cheques as the best-oldest mechanism for keeping the wheels of international business turning smoothly.

Few travelling businessmen are advised to take more than a minimum of currency out of the country since business travellers can be a prime target for mugging in a foreign capital. Credit cards and travellers' cheques, on the other hand, are by far the safest way to carry money and are widely accepted throughout the world.

In fact, estimates suggest that at least 60 per cent of hotel and restaurant business in the major cities of the world is done through credit cards. Moreover, hoteliers in many U.S. cities are poorly equipped to deal with cash-paying customers.

The use of credit cards by foreigners in countries with strict currency regulations is also something which the governments concerned welcome. The cards cut out the trade in notes which all authorities find extremely difficult to police.

In the past, the inter-

nationalism of so-called "travel and entertainment" cards such as American Express or Diners Club has been the cornerstone of their success. Not surprisingly, this has led to competition from such home-grown operations as Barclaycard and Access, especially through their European link-ups.

American Express is the best-known of the credit cards used by business travellers, although in fact it is not a credit card in the generally-accepted sense. American Express has no limit on the amount of credit allowed—unlike Barclaycard and Access—but it does insist on repayment within a certain set period and can get quite forceful if that time limit is ignored.

### Superior

American Express has almost 900 subsidiary offices throughout the world where help to book hotel rooms and flights—on more than 200 airlines—can be obtained. Diners Club, which is perhaps less well-known world-wide than American Express, works on a similar principle to American Express.

Possession of one or more of these upper bracket cards

involves a somewhat superior form of credit checking by the card company than might normally apply in commercial transactions. Since the credit offer is unlimited, there is nothing to stop the holder dabbling off round the world if he so chooses. Card companies therefore prefer nice solid citizens with executive jobs in secure companies.

It was the growth of business and personal travel that prompted the two main UK credit card operations—Barclaycard and Access—to improve their validity overseas.

Barclaycard, which just has the edge in the UK market in terms of numbers of cardholders, can be used to pay for fares, hotel and restaurant bills, car hire and so on, as well as for buying travellers' cheques and foreign currency. Moreover, a traveller who uses Barclaycard to pay for fares, either in full or part, receives free accident cover up to £15,000. This cover also extends to a cardholder's immediate dependants involved in the journey.

Through its membership of Visa International, Barclaycard holders have 3m retail and

service outlets—displaying the familiar blue, white and gold symbol—at their disposal in 130 countries.

In addition, the card can be used to draw cash advances of up to £500 a day subject only to the cardholder's personal credit limit (at 80,000 bank branches—worldwide—which accept Visa cards).

Barclaycards also act as identification to cash personal cheques, drawn on a UK account, from any branch of the Barclays group.

Access, the credit card operation of the other major clearing bank apart from Barclays, has also linked up with the Mastercard and Eurocard credit cards to provide a worldwide service. There are therefore about 3m outlets worldwide at which a British Access card can be used.

Most of these outlets—more than 2m—are in the U.S. and the smallest number are in Egypt and Luxembourg with 100 outlets in each country.

Access does not at present offer cash advance facilities overseas but it is expected that this facility will be introduced at a later date.

The Trustee Savings Bank credit card is also part of the international Visa network.

The popularity and ease of use of credit cards for the international traveller has led, somewhat surprisingly, not to any diminishing of the importance of travellers' cheques but to a fierce battle between U.S. and European banks for a market that shows every sign of steady growth throughout the 1980s.

Banks have tended to look upon travellers' cheques as one of the least-exciting parts of their operations. But the worldwide boom in tourism—helped by cheap air fares—has meant that travellers' cheques have become one of the growth areas of banking.

For the customer taking money overseas, the certainty and peace of mind of guaranteed acceptability and refundability of travellers' cheques has made them a consistent choice.

The market value for travellers' cheques is estimated at about \$40m and some projections suggest that the market will grow by 15 per cent more per year throughout the 1980s as the tourist boom continues.

But against the background of growth, the travellers'

cheque market remains highly fragmented, as might be expected with commercial banks everywhere seeking to meet their own customers' needs.

The market is dominated by American Express, which has just over half the market, according to industry estimates. Next come Bank of America and Citicorp, which have a further quarter of the market between them.

But the challenge to this U.S. banking dominance is coming from European banks which plan to use the Thomas Cook travellers' cheque scheme as the basis for a widely-accepted European-financed travellers' cheque system.

At the same time, Visa International has launched its own travellers' cheque operation and has successfully recruited Barclays Bank to issue Visa cheques.

### Convinced

The battle for a share of the growing market, however, is likely to lead to only one real winner—the traveller—as the competing banks cut commission rates to attract new business. Yet the major banks involved in the fight for market share remain convinced that with the projected growth of the market in the 1980s, their investment will reap substantial financial dividends.

Apart from credit cards and travellers' cheques, the business traveller has several other options available for financing his travels.

Through the account holding branch, a customer can arrange for banking facilities to be made available abroad, such as having a sum of money to draw on—in sterling or local currency—at a specific overseas branch or branches. There is also the advantage of having first-hand local assistance at an overseas branch should difficulties with money arise during a visit.

Letters of introduction can also be issued by British banks for presentation at branches of various other banks. These will provide the business traveller with local information and banking expertise, and possible introduction to local trade concerns. The traveller's account-holding branch can advise on which banks abroad will provide such assistance.

David Churchill

## Varied routes for credit

ALTHOUGH CREDIT cards and travellers' cheques are more than adequate for meeting the personal needs of the travelling businessman, he also needs to have a wider grasp of the intricacies of financial transactions between countries in order that he can actually do some business.

What happens, for example, if the businessman abroad suddenly needs a substantial amount of cash to close a deal quickly?

In a case such as this he would be able to telephone or telex his bank through one of its own branches or through an associated bank abroad and ask for an immediate remittance of funds. They should be received within 24 hours by cable or telex.

Methods of payment for importing goods can also be arranged through the bank by a letter of credit or payment order where small amounts are involved.

In the case of importing there is an increasing likelihood that payment will have to be made in a foreign currency, which means the exchange risk must be taken into account. Protection can be obtained either through a forward exchange contract or, in the case of flow of trade, the bank can open a foreign currency account to match receipts and payments in the same currency.

The key point for the travelling businessman is to be aware of all the financial complexities of overseas trade before starting on his travels. A medium to large company will usually have a specific export department with staff trained in handling export finance, but the smaller company is best advised to seek the help of its local bank manager.

### Helpful

Barclays, for example, provides an extensive range of facilities and helpful advice about the business side of business travel.

There are several facilities of use to the traveller in dealing with export finance.

For example, a customs bond can be provided which will enable him to import his samples on a temporary basis into various countries without payment of duty. The bank will either issue these documents or,

on the company's behalf, give a counter indemnity to a Chamber of Commerce which in turn can issue them.

In negotiations with potential buyers abroad, the business traveller can arrange payment in a number of ways. The goods can be paid for by a direct remittance of cash, or the bank can provide the collection of export documents. This is a service under which sums due to exporters as shown by invoices, shipping documents, bills of exchange and so on can be collected from the importer and credited to the exporter's account.

Another method is the inward documentary letter of credit whereby his bank advises customers of the details of credits established in their favour by an overseas buyer.

### Immediate

Alternatively, his bank can forward foreign exchange contracts. This facility means that purchase or sale of a foreign currency can be fixed immediately and so avoid the future uncertain exchange rate movements.

Banks can also provide contract guarantees or performance bonds. This is a written guarantee given abroad by a bank to support a bid or the agreed terms of a contract entered into by a customer.

Indemnities regarding export documents can also be obtained. This is an indemnity given by the bank to the paying bankers to enable immediate payments to be obtained under a documentary credit scheme in spite of any irregularities in documents presented.

Three other payment systems are:

● International money orders: pre-signed drafts for payments in sterling or U.S. dollars to overseas beneficiaries.

● Mail payment orders: airmail authority to an associated bank in an overseas country to pay a fixed sum to a named beneficiary in that country.

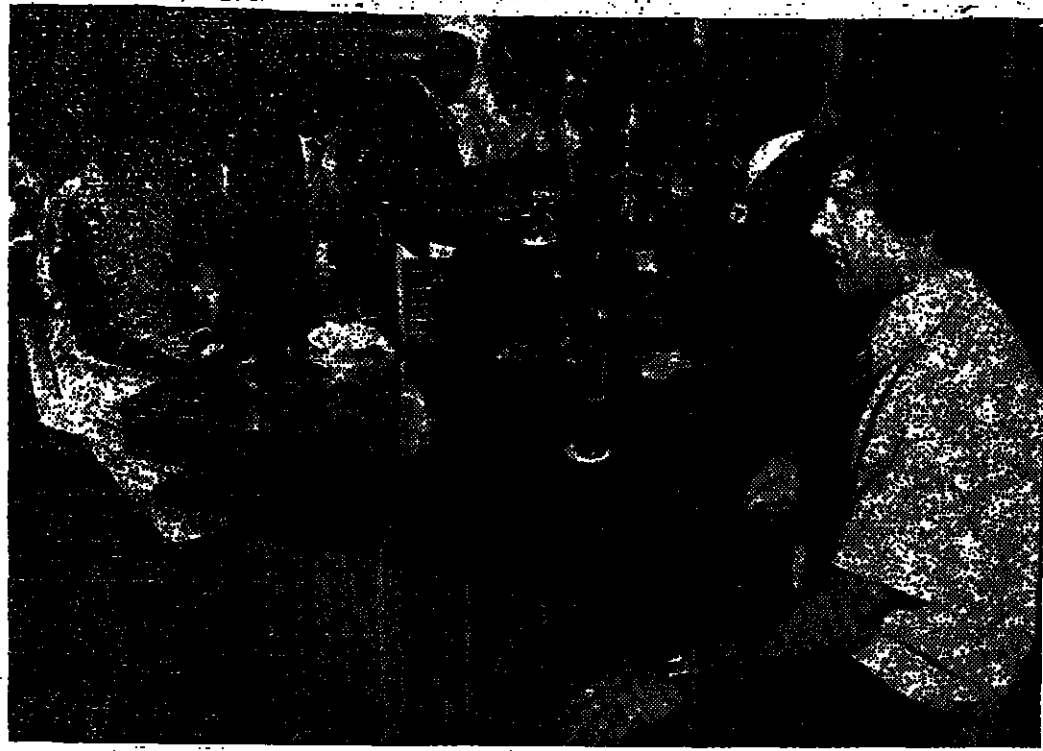
● Telegraphic transfers: cabled authority to an associated bank to pay a fixed sum to a named person.

The businessman may decide later to expand his markets as a result of successful export business. In this case he may decide to travel on a trade mission organised by a Chamber of Commerce or trade association.

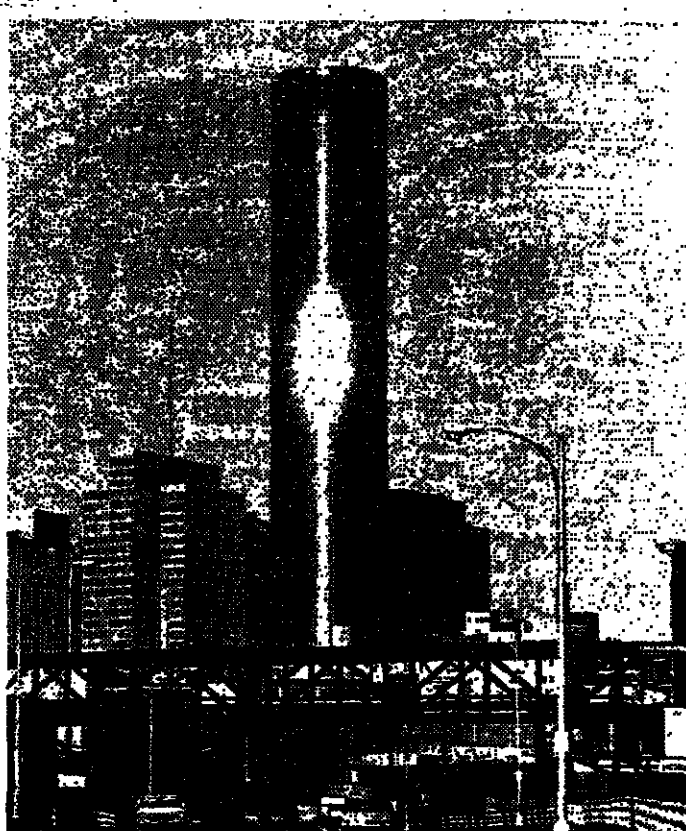
David Churchill



## BUSINESS TRAVEL V



Above: bar in the Pamodzi Hotel, Lusaka, Zambia, which is typical of Africa's modern business-oriented hotels. Right: the striking Peachtree Plaza Hotel in Atlanta, Georgia



## Big hotel chains geared to the seasoned traveller

THE SEASONED business traveller knows precisely what he expects from a hotel. He wants to be able to register quickly and pay the bill without having to stand in line for half an hour after breakfast. He wants telephones that work, a desk large enough to spread himself and a system that makes sure he gets his messages. He wants a comfortable bed, air-conditioning, water that is hot, room service at odd times of the day and night and food that is better than average, if perhaps not outstanding.

In short he wants exactly what the world hotel industry has set out to give him. The large American companies that dominate the industry (Trusthouse Forte is the only non-U.S. hotel chain in the Service World International top ten) have made the provision of these facilities into as much of a science as they can.

Any experienced traveller knows of course, that there is still a long way to go and that, for all their clinical efficiency, modern hotels can sometimes be as frustrating as the old family-owned institutions they have replaced. But all the research shows that most business travellers gravitate towards the large chains and are happy with what they get; and the further they are from their home base, the more they rely on the large hotel groups.

According to Service World, whose annual rankings are accepted as among the most reliable in the business, the largest chain is Holiday Inn, which in 1978, the last year for which full figures are available, had 286,528 rooms in 1,718 hotels around the world.

### Expanding

Trusthouse Forte ranks fourth on the list (77,051 rooms in 840 hotels) after Ramada Inns, which have also begun expanding overseas. TRF, of course, has also gone the other way and owns the large Travelodge chain in the U.S.

Intercontinental comes ninth, after a bevy of U.S. groups which are still largely North American in focus. Hilton International (the relation of Hilton Corporation which is fifth and operates only the domestic U.S. Hiltons) comes tenth.

These groups compete furiously. Between them have spent millions of dollars trying to get harassed businessmen in various countries to remember the telephone number of their worldwide reservation systems. These computerised systems are the first requirement for any modern chain. Owen utilising

spare capacity on airline systems (which have a head start in the international reservations business) they link all group hotels together.

Research shows that businessmen, or the corporate travel departments of their companies tend to select one chain and make a batch of reservations for a trip with the same chain at the same time. Thus the fight to "get called" in the first place is fierce.

In most parts of the world the large chains have taken advantage of the fact that their local competition is still fragmented. In West Germany and Italy, for example, there are no large domestic chains, although individual hotels have banded together to form limited reservations systems. In France, by contrast, the local competition from Novotel (23,000 rooms in 192 hotels), Meridien, Sofitel and others is very keen.

### Network

Japan also has a highly developed hotel network although non-Japanese-speaking businessmen still tend to gravitate towards Western-owned hotels in the belief, sometimes mistaken, that they will be better understood on their "home" territory.

There are indeed a bewildering number of different international hotel chains and a number of specialised travel agents and companies now exist to do the choosing for you. These companies may be particularly useful for out-of-the-way places where there is no large chain hotel or in the large number of countries where the market is still fragmented.

The hotel chains are meanwhile anxious to build up their "captive" business and most now offer a variety of corporate rates largely tied to a formula under which the more room night per year are used by a company the lower the rate.

In cities where it is particularly hard to get a hotel room (at the last count these included New York, Cairo, Aberdeen, Jeddah, Riyadh and sometimes London) the corporate discount can mean that chains fall to maximise their earnings. But they argue that this is more than outweighed by the fact that the discount attracts business to hotels in other less popular cities and pushes up their occupancy rates. Even in these less popular locations occupancy rates tend to be high during the week. But they can slump on Friday, Saturday and even Sunday nights. (And discounts can make all the difference in some parts of the "over-hotted" Middle East.)

Most travellers have their favourite hotel chain—more often than not because one of the clerks smiled in Brussels when it was raining rather than for the size of their bathrooms. And the problem of providing

good service along with low room rates is one that is now even more on the minds of the hotel chains than in the past.

Now that the obvious labour-saving measures have been taken—self-service bars in rooms, automatic shoe cleaning machines, buffets at breakfast—the industry is pinning some faith in the computer, or rather the alliance of the computer and the TV set, to cut labour costs still further.

Horwath and Horwath, the international hotel consultants, calculate in their latest report on the worldwide lodging industry that "payroll-related expenses" at 32 per cent, are by far the largest single item of expenditure in the average hotel.

In their report, *The Worldwide Lodging Industry 1979*, they note, for example, that food costs amounted to only 9.1 per cent and energy costs, even though they have risen sharply, accounted for only 3.9 per cent.

Many large hotels have now introduced computer-aided switchboards and computerised accounting systems. Some have experimented with transferring all guest accounting on to video terminals linked to small printers. This, in theory, should produce instant bills.

But these systems are still prone to "go down" and few hotel chains have the resources to instal a back-up main-frame computer. The industry has yet to recover totally from the recent experience of one Paris hotel whose system expired for half-an-hour at 8.30 am one weekday morning. Large numbers of exasperated guests were seen simply walking out, taking their unpaid accounts with them.

Until now it has also proved difficult to link all the disparate systems—the phone bill computer, for example, with the restaurant computer—into one central system. The micro-chip makes it easier but still expensive and the number of hotels using a fully automated guest control system is still very small.

Most analysts believe that by the end-of-the decade the computer will have come into its own. The TV set in the room will hold messages and be programmed to answer questions such as the location of the nearest theatre. Guests who pay by credit card will have their bills sent instantaneously to the central credit-card computer which, incidentally, will be able to vouch for their creditworthiness.

### Sensors

Automatic stock-monitoring devices in the kitchen will re-order food, control portions and reduce waste. Sensors will turn out lights in empty rooms, turn down heat during the day, perhaps even draw the curtains and, who knows, turn down the sheets. Electronic keys, already introduced in several hotels, will cut down theft and mean that the central computer will always know whether a guest is there or not.

The successful hotel chains will be those that somehow manage to keep all this technology in its place and remember that tired travellers, on edge after a long day, are more likely to be calmed by people than machines.

Some businessmen, of course, have become so irritated by the sameness of the large hotel chains that they always seek out the individually owned hotels which still have their own charm, are labour-intensive and have escaped the deadening uniformity that characterises many of the largest groups.

But these hotels are getting so expensive to run that they will never be able to carve a very large share of the market even if they continue to more than hold their own. Research does show that individually owned hotels can keep their market share even in the face of heavy competition from the chains provided they do not lower their standards in order

to compete with the big groups.

In the mass business travel market where the larger chains are operating, standards do vary. Some are quite clearly more upmarket than others.

Some have a better idea how to motivate their staff than others. Some rely on gimmicks—from bed-time mints to bizarre architecture—to keep their guests loyal.

But in the end all the large chains have much more in common than divides them. The vast increase in travel in the past

20 years has more or less dictated this, and more or less forced the business traveller to accept that there is no other, reasonably priced, way.

The "American way of hotels" is now the "world way" and the world seems to accept it. Even if, as when the window will not open and the air conditioning cannot be turned off, there are occasions when the memories of a different era will not quite lie down.

David Bell



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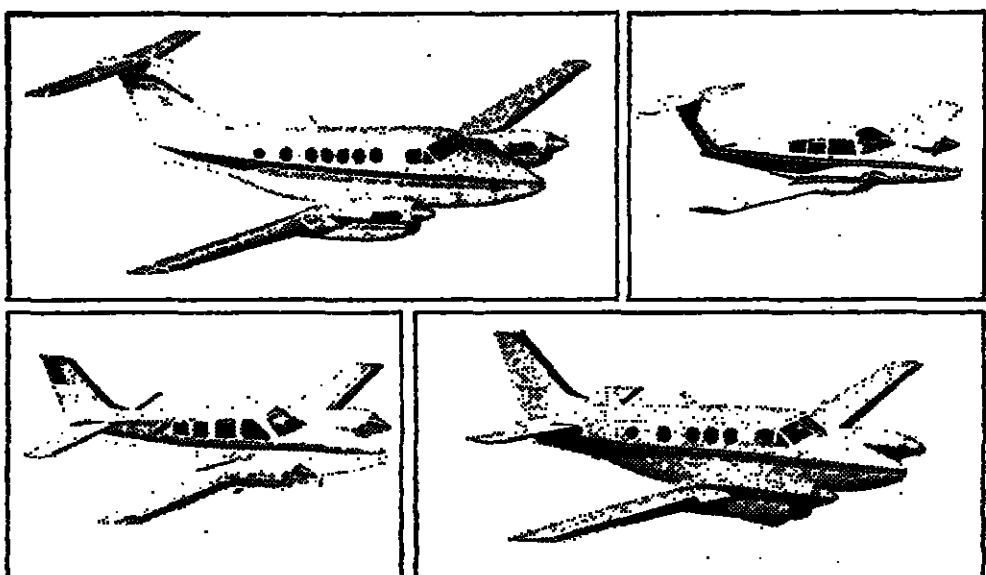
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## BUSINESS TRAVEL VI

# Car rental a buyer's market

CAR RENTAL is probably the most aggressive marketing area of business travel but recent years have seen a subtle change in the tone of the campaign.

Perhaps until the first oil crisis of 1973-74 there was very little price awareness among renters. The accent was entirely on service as far as the major companies were concerned. Hertz, Avis and regional rivals, such as Godfrey Davis in Britain, fought simply to show that they could provide better cars more quickly at more points than the others—and do it with a smile.

Today they are still making those claims, but at the same time there is an eagerness to show that they are also offering value for money. The discount rental companies—often disparagingly referred to as the "off-airport suppliers"—are now regarded as serious competition.

Price is now a major factor in the rental game, and not only just the basic cost of renting the car. Rental companies are finding that their clients are interested in the mileage per gallon, a question way down the list in the good old days.

It is in the car rental business perhaps above all that the various companies are eager to buy loyalty. They do this basically by offering a variety of incentives for a pledge to put business their way. With competition so fierce it is very much a buyer's market.

The major incentive areas are price, the availability of cars and the speed of transactions. In the field of price there is a great deal of private negotiation and semi-official dealing. This is due largely to the fact that no rental company wants you to tell a business colleague that you are getting a bargain which is better than his.

Only a couple of weeks ago I rented a car from a major company, secured my business house discount and then innocently inquired if a second discount facility could be added as well. Back came the response: "Sorry sir, but no. If you could add up your discounts just think what an IBM executive would be getting."

My slow brain gradually came round to the unspoken question: "Then what are IBM executives getting as a discount now?" The other case for secrecy is that no rental company wants to tell travel agents that it is giving greater discounts to direct clients than to customers that come through them.

### Discounts

In practice you should be able to secure a 10 per cent cut on British rental rates without much difficulty. If you have a very large account then you might be able to nudge a full 20 per cent out of a major, although few of them would be prepared to admit officially that such discounts are offered.

Availability gives the car rental companies a particularly difficult problem. In these days of high interest rates and high prices for cars, all of them want to keep their fleets fully occupied. The result is a nail-biting agony of decision over whether the fleet is too big for financial comfort or too small for demand. Every customer turned away because there is no car is one who could end up loyal to another rental group.

The rental company answer to this is to give priority to business clients. At busy times the rental companies will allow their treasured customers to queue jump over mere holidaymakers.

It sometimes pays, for example, to phone the car rental company first, even from a call box around the corner, and establish your business credentials before walking into the rental point. It then makes the clerk's task of giving you a car and not the rest of the crowd much easier—"Yes, Mr. Smith, your pre-booked car is ready Sir." Nudge, nudge, wink, wink.

Speed of rental is something with which all the companies long time. Avis Wizard's way through check-in and check-out procedures and Hertz pushes its No. 1 club facilities with considerable determination. Hertz has recently installed a new computer system in Britain which is further speeding its service.

All the major companies offer the facility of their own credit card and account so that customers can simply collect the keys and rental documents from the counter without bothering to wait for detailed procedures to be completed.

As far as Britain is concerned it is going to be fascinating to see how the rental war heats up this year with the acquisition of Godfrey Davis' rental activities by Europcar. French-based Europcar has grown spectacularly in recent years and caused a major disturbance in the British market by provoking a retail agency commission war.

### Coincidence

The Godfrey Davis and Europcar approaches to marketing have been somewhat different and it is going to be interesting to see which course is to be taken in the future. Perhaps it is only a coincidence, but some other companies, notably Guy Salmon, are now adopting an aggressive policy in the market place.

Any fond hopes that customers have that all this competition will actually bring

prices down in the near future ought to be dispelled immediately. The rental companies already argue that with cars the price they are today, and the secondhand market as sluggish as it is, the renters are getting away with a bargain.

If, however, yours is a company which is seeking an overseas market, and does not need city centre rental locations, an international computer system, and a network of offices at which cars can be dropped off, it is well worth examining the offerings of local rental organisations. The garage round the corner does not have the verities of the international giants and yet often gives a personal service.

No one in the car rental business thinks that 1980 is going to be a year of spectacular profits. Most seem to believe that the holiday market will be sluggish at best.

It is a time when all eyes will be on the business community and its reliable custom. And a time when that friendly salesman can be squeezed for every ounce of discount and service that he is prepared to offer.

Arthur Sandles

## Ferries offering a useful alternative

FERRIES MAY not be the fastest way for the businessman to travel—although hovercraft and hydrofoil have narrowed the gap—but there are other reasons, including cost savings over air travel, why they ought to be taken seriously by the business traveller.

For the businessman laden down with bulky or heavy samples the car ferry may be the only way to avoid weight restrictions on flights. The business trip by car is simple, convenient and can make sense in terms of increased mobility and cost effectiveness.

The fastest journey time to Paris from London using the conventional car ferry totals about seven hours using the drive-on / drive-off Dover-Boulogne or Calais services. This compares with under four hours by plane but saves £20 or more on the return cost. Travelling by Seaspeed hovercraft between Dover and Boulogne saves about half an hour in total travelling time but prices with a car are similar to current air fares: £80 return excluding petrol.

### Time-consuming

Travelling by ferry with a car to other European ports is considerably more time-consuming than going by air. For example, Sealink's Harwich-Hook of Holland route takes about six hours by day and more than eight hours by night and total travelling time between London and Rotterdam is over 12 hours, compared to three hours by air.

However, even with a car it will cost less than half the air price. Similar cost savings are made on Danish Seaways' Copenhagen route although total travelling time at almost 27 hours is about six times that by air.

One of the most convenient road-sea connections for the businessman going to the Continent is through the Suffolk port of Felixstowe to Zeebrugge in Belgium. Townsend Thoresen, the European Ferries subsidiary, launched the route in 1974 and now has six sailings a day dropping car passengers off within a few hours' drive of

five EEC capitals.

Although cost savings are unlikely to be the first consideration for the overseas traveller, further savings on cross-channel fares are available by taking advantage of special reduced fares offered by the major operators for short trips. Townsend Thoresen, for example, offers half-price fares on 60-hour trips and discounts of 20 per cent for visits of up to five days on the cross-channel ferries.

Both P and O and European Ferries offer concessionary fares to stockholders. For example, stockholders in P and O with £200 nominal deferred or £500 nominal preferred stock can obtain 50 per cent reductions on the company's Dover-Boulogne and Southampton-Le Havre routes.

European Ferries offers 50 per cent reductions on sailings from Felixstowe and Dover together with reductions on other routes to registered shareholders with 300 or more shares.

The cross-channel ferry companies have also discovered that long crossing times can be turned into a selling point for the business traveller. They stress the facilities on board and tailor some journeys to allow passengers a full night's sleep. Townsend Thoresen offers special on-board conference facilities and, in conjunction with Hogg Robinson Travel, provides car-ship-hotel packages to major international trade and fashion fairs. Prices for car, driver and two nights' accommodation for the Hanover Trade Fair this month started at £128.

Businessmen can also take advantage of the ferry companies' standard car, ship and hotel inclusive packages in many European cities.

For the business traveller who does not want to take his own car, hydrofoils are another alternative to the conventional ferry or hovercraft and a challenge to the time advantages of air travel. P & O Jet Ferries has set out deliberately to woo business passengers from the airlines and on to its hydrofoil service operating between Tower Bridge in the City and Ostend.

The Jetfoil offers 250 seats on up to three crossings a day with travelling time reduced to 3½ hours followed by a 105-minute train journey in Brussels. Although total travelling time to Brussels remains about two hours 40 minutes more than by air the service is cheaper, saving almost £20 on the return journey, and it does avoid the need for the City businessman to make his way to Heathrow.

### Potential

Among the special package deals offered by P & O on the Jetfoil service are link-up services with Avis the car hire company offering full car hire facilities and a package hotel deal.

P & O has also been foremost in exploiting the potential of its other ferry routes for the businessman. Car ferry services on the company's Aberdeen to Shetland route have been increased in the wake of the North Sea oil bonanza, providing three departures a week throughout the year tailored to the needs of businessmen.

Journey times in both directions allow the business traveller to arrive following a night on board in time for early meetings, whilst the Shetland mini-cruise service has been adapted to allow businessmen

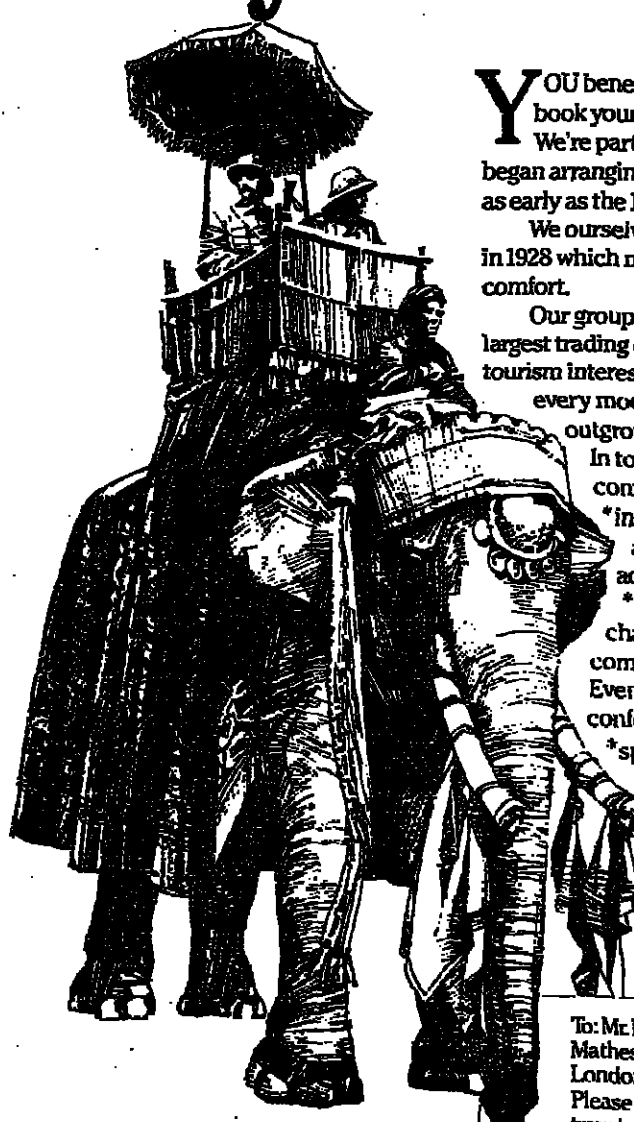
to use the cruise ship as a floating hotel.

On the company's Liverpool to Belfast service executive tickets have been introduced providing 24 first-class trips at a 15 per cent discount with a further 12½ per cent discount for cars. The company is also about to introduce a new scheme for the Northern Ireland businessman providing first-class ship, rail travel and one night's London hotel accommodation for £76-£10 less than the return air fare.

Unless time is the only factor conventional car ferries, hovercraft and hydrofoils can provide a pleasant alternative to air travel, particularly if a business trip is combined with pleasure and the traveller takes advantage of the special package offers to save on costs.

Paul Taylor

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## BUSINESS TRAVEL VII

# Information services vital

THE HARASSED business traveller needs two kinds of information. First, he needs to know how to get to where he wants to go, where to stay and whether a baggage handlers' strike means that, in reality, he may get there two days late. Secondly, he needs to know what he will find when he gets there, the kind of information that will put him at ease while he tries to assess the market or complete a difficult contract.

Governments, tourist offices, banks, airlines, hotel chains—all offer information packages of one kind or another. It is worth collecting all of them, particularly if travelling to more out-of-the-way parts of the world.

But the information in the packages varies enormously. Government publications tend to be bland and to steer clear of controversial judgments. At the same time the commercial officers in consulates or embassies are often extremely well informed and prepared to say in private what they will never commit to print.

Many banks offer detailed assessments of developments in overseas markets and local branches of banks from the country being visited can often be very helpful. Sometimes tourist offices can also help, but they are most often geared to the needs of the holiday traveller and are of little help when it comes to business

conditions. With most of this official or semi-official information, however, there is the danger that it gets out of date quickly. This is part of the appeal of special surveys done by newspapers and magazines, all of which have a public circulation.

Most businessmen travelling to a new market, of course, research it thoroughly before they go and many have agents to help them when they arrive. But travel agents still find themselves asked for all kinds of information and indeed it is on their ability to provide it accurately and speedily that many of them are judged.

The development of computer-based international reservation systems by the airlines—and more recently the introduction of videotape systems—pose a threat to travel agents. Now airlines are in a position to offer a complete booking facility—flights, hotels, hire cars—at one go.

One source that is often extremely useful—but often ignored—is the local chamber of commerce. This is particularly so in the U.S., where each chamber will have on hand a mass of information about the town and the region.

Viewdata systems pose a threat that is even greater, at least potentially. In London Qantas already offers an on-line facility for the Prestel user who can, in effect, check the flight

times and then fill in his own ticket electronically. He then enters his credit card number, presses another key and is entered in Qantas' own reservations computer.

At present the airline sends him the ticket by post. But before all that long Prestel sets will no doubt have little printers attached to them which will print the ticket out instantaneously.

### Sophisticated

The travel agents have responded to this threat by setting up their own computer network. Known as Travicom, the British system links agents to the computers of 23 different airlines and it is linked into mini-computers that can print out tickets instantly. Other countries in Europe have similar systems although few are as sophisticated as Travicom.

Agents argue that their clients now have the same instant access to their airline computer as they would if they contacted the airline direct. In addition, they are able to get information on a much wider range of flights, hotels etc. because he agents are independent of any particular airline or hotel chain.

The airlines also use Travicom to advise agents of problems with flights, strikes, weather delays and other developments. Thus the exasperated businessman may be

better off telephoning a large agent than hanging on the telephone waiting, seemingly for ever, for an airline to answer.

Many agents are also using Prestel to get information of this kind and the industry now has its own set of "frames" on the system to which only agents have access. This works on a basis similar to that used by companies which have bought a section of the system and use it, more or less, as their own information switching system.

The great advantage of video terminals in providing travel information is that they can be accessed by a host of users at the same time. British Rail is already offering all its inter-city times on the system, which is much easier to use than the telephone.

The travel industry itself still relies much more heavily on information contained in its reference books. These range from the ABC airline and rail guides through a number of hotel guides to the Agents Gazette, which has "unvarnished" information, particularly about holiday destinations in Europe.

Many of these "Bibles" are published monthly or in loose-leaf form so that they may be easily updated, but most industry analysts expect that it will not be long before much of the information that they

contain will also be transferred onto the Prestel computer or its equivalents elsewhere in the world.

However, the industry is alive to the danger that it may soon be pumping out too much information. Indeed travel agents believe that their future is secure precisely because busy travellers will always want someone else to sort it all out for them and because there will always be a large number of people who want to find someone who was "actually there" before they make a reservation.

The most important consideration for any information service for the business traveller is whether or not it is up to date. Executives need to be sure that when they change plans at half-an-hour's notice they can rely on the information they are getting about flight availability, check-in times and the rest.

That is the most important test for the travel industry. The computer will undoubtedly help it to pass it in the next decade, but it will not, in the end, be a substitute for the experienced agent who knows his business or the airline reservations clerk who sounds interested as opposed to merely bored. Finally, as it has always done, the business comes down to them.

David Bell

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## Problems met by insurance

THE WORLD is getting smaller each year as it becomes progressively easier and quicker to get from one part of the globe to another. The British businessman or woman can regard the world as his area of operation, and this now applies more than ever to the small businessman. For many executives, travelling abroad on business is a significant part of their responsibilities.

But there is more to travelling abroad than booking air flights and hotels and arranging meetings. It is necessary to stop and consider the consequences of something unforeseen happening to the executive while abroad. He may fall sick, he may be involved in an accident, or lose his baggage.

Such events can cause problems and financial loss and they simply highlight the need for comprehensive business travel insurance while he is overseas.

The first event to consider is what happens should the business traveller fall ill or have an accident abroad. This could involve consulting a doctor, being sent to hospital for treatment or having an operation. All such treatment and drugs have to be paid for and medical expenses do not come cheap.

If this should happen in a country that does not have full reciprocity with Britain's National Health Service, then he has to pay up in cash, often before he can get treatment. A travel insurance policy would cover these costs.

Even in a country with full reciprocity with the NHS—the EEC and many other European countries—though in theory medical treatment is free, in practice it can mean paying the costs on the spot and getting reimbursed on returning to Britain.

If he is not seriously ill, then he can possibly carry on his work from a private room in a hospital. But if he cannot continue working then there are two consequences, one for him and his family, the other for his company.

The patient's wife, husband or other near relative almost certainly will want to visit, at least until the crisis has passed. This involves flying out to the country and staying in a nearby hotel. When the patient is well enough to travel, then it is preferable to return him to Britain to continue treatment under his own doctor and in his local hospital.

### Supervision

A travel insurance policy should meet all these expenses and the company issuing the insurance should be able to arrange the repatriation. The leading travel insurance brokers J. Perry and Company operates its own system as the Perry International Rescue Service. There are other such repatriation services with which insurers have arrangements. These get individuals back to the U.K. under nursing supervision with as little pain and inconvenience as possible.

Should the traveller die, then insurance would cover the cost of flying relatives out and bringing the body back to the UK.

As far as the traveller's employer is concerned, he needs to have him replaced to continue the business trip and for the replacement to be sent out as quickly as possible. Insurance

covers the costs of flying out the replacement.

Similarly, if there is a crisis in the company itself while an executive is abroad, then under certain circumstances the insurance will cover the costs of his returning. This applies should it arise from the death of a close business associate or discovery of fraud by one or more employees of the company so that the immediate return of the executive is required. But the insurance will not cover his return if, while he is away, the company has received a take-over bid.

The next section in travel insurance provides personal accident cover. This takes the normal form of lump sum payments on death or disablement of the executive, plus weekly payments for up to two years while disabled. But it does not cover injuries incurred while mountaineering, winter sports or racing. At first sight such exclusions may seem pedantic for a business insurance policy. But some executive combine business with pleasure on overseas trips.

### Cash payment

Then the insurance will cover loss of baggage and personal effects while abroad. The business traveller may well be carrying valuable samples or items of equipment for demonstration purposes and this section of the cover should be checked to ensure that it meets such contingencies. Usually a cash payment is made to enable the personal items lost, such as clothing, to be replaced immediately.

Insurance usually covers loss of money up to specified limits and provides for personal liability cover. The latest cover now provided is to meet the consequences of hijacking. Here the underwriters will cover reasonable expenses incurred as a result of hijack, defined as the aircraft being delayed or diverted from its scheduled route because of violence or intimidation.

Some insurance policies also give cover to reimburse expenses arising from aircraft delays because of industrial action. This is now a standard format for holiday insurance. But although the business travel plan from the Association of British Travel Agents also offers this, the J. Perry plan does not. At present demand does not seem to be there for such cover.

The standard business travel insurance does not cover motor-cycling. The cover applies providing the businessman is travelling at least in an aircraft licensed by the local aviation authorities, then he needs to make additional insurance arrangements to cover the motor-cycling. If he hires a car, then flying to the country, then the hire terms should include comprehensive insurance.

Business travel policies are normally issued for 12-month periods. The company usually specifies the names of the employees covered or alternatively, specifies the position within the company. J. Perry's scheme charges £60 per person for European travel only and £75 worldwide. But there are reductions varying from 10 per cent for two employees to 25 per cent for more than 100. The A.B.T.A. scheme gives higher cover but charges one premium of £182 worldwide, with group reductions.

Eric Short

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## BUSINESS TRAVEL VIII

# Conference events bring high level of spending

ANYONE WITH any doubts about the significance of conference and exhibition trade in the travel business, and indeed to local communities, really needs look no further than a recent survey by the British Tourist Authority and the London Convention Bureau.

The results of this survey indicated that the average amount spent by delegates to conferences in London was £307 for a stay of about 5½ days. Overseas delegates were heavier spenders than British ones and "rest of the world" visitors (non-local, non-American and non-European) spent an impressive £551 a time.

It is this level of spending, which is vastly higher than that of ordinary tourists, which has attracted so many people into the conference business. City after city has felt it worthwhile to invest in new conference-exhibition centres. Even London, while shying away from a new central London complex, is putting considerable amounts into Earls Court which has undertaken an impressive updating programme.

Enormously lucrative though they may be to the community as a whole, large conference and exhibition complexes are not noted for vast profitability in their own right. Most of the newer ones are state or municipal projects, and private enterprise has tended to content itself with more modest buildings. The Wembley Conference Centre in North London is at the top end of this size scale and seems to have been highly effective in attracting custom.

It is a sign of the needs of

tax-funded backers such as local authorities and nations to reduce their overall outgoings that the battle for exhibition and conference custom has recently become fiercer than ever. Only this week a team from the German city of Frankfurt swept into Britain armed with glossy literature and eagerly embarked on a 12-day tour to promote the attractions of the city.

Paris has been so active in the conference and exhibition market that it now claims to have overhauled London as the conference capital of the world. Promotion is fairly frenzied at the moment because many in the exhibition business are fearful of a downturn in business in the mid-1980s. Such is the long-term nature of planning in this field, particularly for the really big events, that decisions are being made now which will show only in three to five years' time. Centre owners are keen to see that these decisions are the right ones.

## Joint projects

There have been considerable strides in cost-cutting (it never pays to talk of cost cutting these days) as far as both exhibitors and visitors are concerned. In the exhibition field there has been a noticeable increase in the number of joint-project exhibition participants.

Recently I visited the huge and remarkable exhibition centre in Berlin where both British and American stands at the event that was on were centrally sponsored by Government agencies and then sublet

on a co-operative basis to individual organisations.

The British Overseas Trade Board has a joint venture scheme which is extremely active in this field. Figures for 1978 show that the Board was involved in 318 trade fairs and actually helped 7,700 companies to show the flag in 71 countries.

As from this month the cost of taking part in a BOTB joint venture is being increased from £18 to £25 a square metre and a shell stand. The Board offers help with fares for stand personnel if the fair is outside Europe and also offers a 50 per cent discount on the basic rates for companies for their first two participations at a particular venture.

Trade Associations normally act as the clearing house for the board's activities and for those of other organisations in this field.

At the same time as there is this enthusiasm to get British sales teams into the field there is also a large amount of promotional work on the part of travel agencies and tour companies to ensure that companies are aware of the discounts which are available to conference and exhibition participants.

Although most air fares are constructed in such a way as to deter the business customer—a frequently used ploy is to insist that Saturday night must be spent in the destination city—excursion and tour fares are often ideal for the conference or exhibition market.

In such fields many participants and visitors can be specific about the dates of their

trip and the length of time involved. This enables a travel agent both to assemble groups and thus produce group discounts, and also to seek out the lowest possible fares for individual travellers. Anyone visiting an exhibition of any size for any length of time who does not investigate the benefits of this market is doing himself, and his company, a bad financial turn.

Although there is a degree of concern about the future of the exhibition and conference market, this is as much due to a problem of over-supply of facilities as to a diminution of demand. Such is the nature of international business, politics and such activities as medicine, scientific research and education that frequent international contact with colleagues in other nations is sufficiently important to guarantee that the market continues at a fairly strong level.

At the same time, the need for the seeking out of new markets when traditional ones may be on the wane is a considerable encouragement to companies to get out into the field and sell.

It is, however, yet another field in which the buyer of facilities has, for the moment, the negotiating edge. Perhaps the time will come again when the conference and exhibition centres of the world have customers hammering on their doors—some of the very largest centres with particular attractions are, of course, constantly in that fortunate state—but for the time being, the man with the cheque book is king.

Arthur Sandles



Incentive travel holidays have many European destinations but increasingly are going further afield to areas such as the U.S. and Far East. Above: street scene in the Ginza district of Tokyo. Below right: beach at Las Palmas, Canary Islands

## Incentive trips market shows steady growth

FOR SOME years the travel industry has been encouraging companies to consider a new way of rewarding employees whose performance may have been particularly good over a certain period. Incentive travel, as it has come to be called, is already big business in the U.S. where whole hotels in cities like Las Vegas or San Francisco may be taken over by parties of insurance agents and their wives on a weekend to celebrate the sale of record amounts of new business.

In Europe there has been a steady growth in the incentive travel market but it has yet to reach anything like the size that it has in North America. However, a growing number of European companies are following the example set in Europe by local subsidiaries of American organisations.

The precise size of the market is difficult to pin down, partly, because the tax status of incentive travel is unclear. Some companies, in order to economise taxes, organise their schemes in such a way that, technically, they are not rewards at all. It is thus difficult, if not misleading, to put any firm figure on the market.

The idea that extra effort should be met by extra reward is of course central to the operations of the sales departments of most companies. A variety of incentive schemes—offering cash bonuses, discounts on merchandise and other benefits—are already in operation, many of them managed for companies by special "motivational agencies" as the incentive houses now prefer to be called.

Most estimates suggest that travel incentives are at present only around 15-20 per cent of this business, but the companies that specialise in these schemes are now pushing travel fairly hard. Other companies, like International Conference Promotions in London, run seminars at which they show the advantages of incentive travel promotions and demonstrate the remarkable range of destinations available.

## Sophisticated

It has become a highly sophisticated business down to the last detail. If, for example, a company sets up a scheme to reward its best salesmen with a trip to the Bahamas the incentive travel companies will make sure that each of the salesmen in the contest gets a postcard from the Bahamas saying something to the effect "Hope You Win. We're Looking Forward to Seeing You."

The most popular short-haul destination in this market is Spain, but longer-haul destinations—in particular the Caribbean, the U.S. and the Far East—are rapidly gaining in popularity.

These schemes can now be costed very precisely by companies who want to take part in them. They can set a proportion of the estimated gain in sales against the cost of the incentive offered. And in the case of holidays, of course, they can get bulk rates for the air fares, the hotels and all manner of other things. Thus while an employee is very happy to be going to a "prestige" destination like the Bahamas, it may not be costing his employer nearly as much as it would seem on the surface.

Motivational agencies spend a lot of time getting companies



first to accept the idea at all, then to be sure to get their costs right and then to show how well the schemes work. They emphasise that because the reward comes at the end of a period the company is not having to finance the trips out of revenue which has yet to be earned. And the number of prizes can always be adjusted upwards if sales shoot ahead.

Experts in the incentive travel business insist that as the value of money falls so the appeal of rewards in kind increases. And they say that there may be other hidden benefits in sending a batch of employees together on holiday. Among these are the fact that, usually, such holidays increase the loyalty of employees to their companies. This can mean that they put in greater effort on their return than they would otherwise have done.

Corporate reaction to all this in Europe varies considerably. The organiser of one seminar in Belgium, for example, noted that the subsidiaries of U.S. companies based there needed little persuading of the merits of the idea. But a number of Belgian companies, including one of the largest brewers in the country, took a long time to grasp the appeal of incentives in any form.

The range of incentives is of course limitless. In recent months a party from Johnson and Johnson has been to Hong Kong, a group from NCR to Yugoslavia and another group from Rollei to Greece. Abbey Life has recently organised a trip for 640 (husbands and wives) to Freeport in the Bahamas while another company, more modestly, offers weekends in Bournemouth.

Incentive specialists say that the issue of whether such trips are taxable can really only be decided on its merits. International companies may be able to structure the trips so that they are paid for entirely by

David Bell

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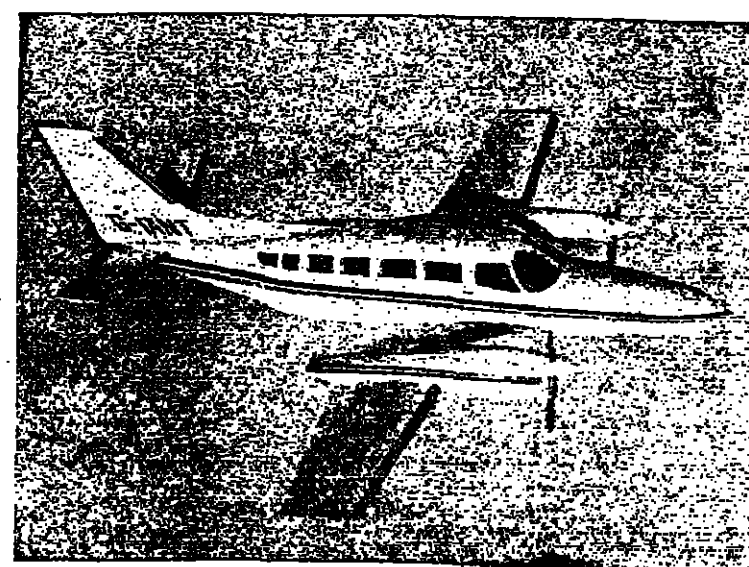
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By HUGH O'SHAUGHNESSY, Latin America Correspondent

The present departure of what may turn out to be hundreds of thousands of refugees from a country of 10m

are to be believed the Soviet Union is today supplying subsidies equivalent to about 20 per cent of Cuba's annual Gross National Product.

**We don't want quitters  
in our country.**  
Fidel Castro.

These disasters have left their mark on Cuban society. At the end of November last year General Raul Castro confessed that without Soviet help the island would be undergoing "economic disaster and bank-

These bodies never put into question the Marxist-Leninist system, or questioned the executive decisions of the leadership. Cubans were not told about Cuban military involvement in Angola until several months

In the months since the invasion President Castro has put his Foreign Minister, Sr. Isidoro Malmierca had to work in secret diplomacy to find some sort of face saving compromise which



Early on this year it was clear that none of that activity was going to put an end to the unhappiness of many Cubans with their way of life. This was confirmed—when what one suspects was an impetuous, not to say petulant, move to take the police guard off the Peruvian embassy—and announce the fact in the Communist Party daily *Granma*—caused 10,000 Cubans to invade the embassy and quit the island

The Cuban Government knows well that the majority of the refugees who are going through the small north-coast port of Mariel are not miscreants and malefactors. But it seems clear that the Havana authorities are diluting the tide of economic and political refugees with a sprinkling of criminals and other "undesirables." Havana would reason that if the U.S. taxpayer had to pay for prisons for a few misfits, dope addicts

As the exodus from Mariel continues President Castro sees his reservoir of potential domestic embarrassment drain away. From his point of view that is all to the good. But one is left with the feeling that he has not quite realised the damage to the image of his society and the Cuban economy.

Sir,—In their article (May 3) on the local authority elections Robin Pauley and Ray Perman state: "Nevertheless, the results are a blow to Mr. Michael Heseltine, Environment Secretary, because his theories that rate-payers will rebel against high rating. Labour authorities and imminent law setting Tory authori-

tions, will correct this fundamental imbalance. House prices have to be brought down in real terms, so that landlords can achieve a commercial return with rents that are realistic for tenants. This can only be done by redressing the balance of tax and interest rate incentives between tenants and

ag plan (May 1) to improve the competitiveness of British industry are complementary to the findings of the recent analysis by the science policy research unit (SPRU) at the University of Sussex. The latter (reviewed on April 23) clearly blames the shortsighted policies of many British firms in failing

The banks' propaganda effort has two pronged. Attract individual account holders and persuade employers to pay less frequently than weekly. Not surprisingly 34 per cent of

f propelling about 90 per cent of other ship types ordered—including container ships of less than 1,600 gross tons. In fact, the latter ships have 5,000-hp Oxford engines with only three cylinders.

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## Companies and Markets

## UK COMPANY NEWS

## Offer for sale values Peerless at nearly £13m

THE PROSPECTUS is published today for the offer for sale by merchant bankers Singer and Friedlander of a quarter of the equity in Peerless, a Birmingham-based diversified consumer products group.

The offer is 3,181,500 ordinary 25p shares, at 100p each, valuing the whole company at £12.92m.

Peerless was founded in 1920 as a manufacturer of hot brass stampings and machined parts for the building industry. The current chairman and two joint managing directors are sons of the founders, Mr. W. P. Jones and Mr. W. D. Jordan. Since the company's inception shareholdings have been dispersed throughout the two families. At present there are some 40 family shareholders with another 10 executive employees holding stakes.

The fairly wide spread of ownership is one of the main reasons for the company coming to the market. Members of the family wanted their investment to be in a marketable security, though no single investor is selling out altogether. On average the disposal is around 25 per cent of each holding but for some individuals the figure is up around 35 per cent. After the issue, none of those disposing of shares in the offer will be able to sell any of their remaining holdings during the next three years without permission of Singer and Friedlander.

After the issue the directors and their families will own 12 per cent of the capital. Mr. Alan G. Jones, joint managing director, estimates that after taking in the immediate family and trusts that figure would rise to nearly 40 per cent. During the last ten years the company has diversified substantially and activities now include the manufacture of

plastic products, time controls for central heating, electronic taxi meters, water fittings, kitchen furniture and hot brass and aluminium fittings.

The breakdown of profits in the first nine months of the current year to March 31, 1980 shows that plastics made a contribution of 30 per cent, electro-mechanical and electronics 18.5 per cent, water fitting and kitchen furniture 21 per cent and metals 38.5 per cent.

The company's record shows that turnover has expanded from £11.5m in the year to March 1975 to £26.94m in 1978-79. Over the same period profits before tax have increased without interruption from £992,000 to £3,277,000. In 1978-79 there was a substantial increase in profits of £1.37m helped by a big advance from the electro-mechanical/electronics

The nine month profit to December is £2.97m on sales of £22.82m and the directors are indicating that the full year to late March produced profits of not less than £3.8m on sales of £33.3m. This profit is before the share of trading losses of Newpeer (which has now ceased to trade) of £23,000, extraordinary costs of closing Newpeer amounting to £195,000 and a provision of £81,000 against goodwill.

An interim dividend has already been paid to shareholders, but no further dividend will be declared in respect of 1979-80. In the absence of unforeseen circumstances, the directors say they will recommend a total for the current year of not less than 6.5p per share.

On the basis of these figures Peerless is coming to the market with a yield of 9 per cent covered 2.2 times on a full tax charge. The p/e is 7 or just under 5 on the expected tax bill. There are no CCA figures but the directors state that the pro-

posed dividend would still be covered.

Turning to the future the directors say that prospects for all divisions, with the exception of brass components, are encouraging in the short term. But the group's activities have relatively short order books and it is impossible to forecast for the current year.

The balance sheet on December 31, 1979, shows net tangible assets of £13.5m, worth 105p per share. Borrowings then totalled £4.8m. On April 18 the company's debt had fallen to £3.88m.

The application day for the issue is Thursday and dealings are expected to start on May 20. Brokers to the issue are Hoare, Govett and Murray and Co. in Birmingham.

**comment**  
Peerless has a fine earnings record. Over the past 15 years profits have slipped only once—and that was due to three-day working during the miners' strike in 1974. Because of the short order book it is difficult for the directors to stick their necks out in the current year but their optimism would seem to be justified given that only the hot brass activities, which probably contribute less than a fifth of group profits, are showing any weakness. The main spur to growth should come from the kitchen furniture and water fittings operations on the back of buoyant D-I-Y sales. There should also be useful gains from central heating clocks, structural foam moulding and packaging. There is no comparable company against which Peerless can be measured but the amalgam of activities suggest that the historical fully-taxed p/e of 7.1 and prospective yield of at least nine per cent is about right.

## Home Farm placing 26%

A £660,000 placing has been arranged by stockbrokers Capel-Cure Myers to bring Home Farm Products, a Sheffield-based pork and bacon producer, to the market.

The placing is 1.2m ordinary 10p shares at 55p each, which are being sold by the controlling families and represents 26 per cent of the equity.

The placing price put an overall value on the company of £21m and indicates a 7 1/2 per cent yield and a fully-taxed p/e of 7.5.

Home Farm's principal activity is the slaughtering of pigs and processing them into cuts of pork or sides of bacon. The company also produces sausages, bacon rashers and pork-based foodstuffs.

There are also four butchers shops and one freezer food centre.

The company operates two slaughterhouses, one at Todwick, Yorkshire, and another at Gainsborough, Lincolnshire. The Todwick unit has a weekly capacity of 2,000. Gainsborough, which was acquired in April 1978, has a capacity of 900. Some £300,000 is currently being spent on trebling capacity there to 3,000. Government grants for 25 per cent of the cost have been applied for, and cash flow should cover the rest of the expenditure. Sales have grown from £2.78m in the year to May 31, 1975 to £7.6m in 1978-79. Pre-tax profits over the same period have increased from £103,000 to £390,000. There was one setback in 1977-78 when profits slipped from £278,000 to £259,000.

In the first half of the current year Home Farm achieved profits of £394,000 on sales of £5.15m and the directors are forecasting profits for the full year ending this month of not less than £700,000.

On this basis they are proposing a dividend of 1.75p per share. If the company had been quoted for a full year the dividend would be 2.5p per share and the fully taxed cover 2.52 times.

The pro-forma balance sheet dated December 31, 1979 shows net borrowings of £157,000. However at April the company had no debt and the company usually has a net interest credit for the year — it was £10,000 in the first half. Net assets were £1.1m.

Dealings start on Thursday.

### comment

The owners of Home Farm have picked their time well to realise part of their investment. Demand for pork is expanding thanks to its relatively cheap price against other red meats—illustrated by the divisional breakdown showing an increasing importance of pork to profits. Margins are rising and in the current year they will probably be over 11 points higher than in 1978-79. Home Farm is about to close its books on its best year ever by far and the trading outlook for the next 12 months is very encouraging. There will also be the benefits of the increased capacity at Gainsborough and the first 12 months of the bacon vacuum packing plant at Work-sop. The one cloud that could darken the horizon is imports. But in fairness Home Farm weathered those difficulties of 1977-78 well and the strength of sterling and Green Pound revaluations mean imports are no threat at present. When dealings get under way the shares could attract a small premium. Further, on however, sentiment could be tarnished by the two executives' control of the Todwick slaughterhouse—representing perhaps a third of the book value of the company.

## BIDS AND DEALS

## Close vote expected in Assam Trading purchase

In what is expected to be a close vote the fate of Assam Trading (Holding's) controversial property proposals will be decided by shareholders tomorrow when the adjourned extraordinary general meeting resumes.

The proposals, which are being fiercely opposed by some minority shareholders, involve the injection of Learmonth Property and County Property, both owning properties in Scotland and the North of England, in exchange for shares and cash.

Learmonth represents the private property interests of Mr. John Guthrie and Mr. John Malcolm Guthrie, both directors of ATH, while County is controlled by Mr. Kevin McCabe, a close associate of the Guthrie's. Under the deal the Guthrie interests increase their holding in ATH from 55 per cent to 66 per cent, Mr. McCabe takes a 5.8 per cent stake, while the minority interest is diluted from 38.2 per cent to 28.2 per cent. Since last month's EGM both ATH and Russell Wood and Co (stockbrokers), which is spearheading the opposition to the deal, have circulated shareholders with their views.

In their letter the ATH directors give three main reasons why property is an area which "could best capitalise on the strength of ATH"—the buoyancy of property shares over the last 10 years; excellent prospects for selective property development and investment under experienced management; and the fact that certain ATH directors already have a particular knowledge of property and a successful record in that field.

Russell Wood (which claims the support of 20 per cent of the minority holders) complains that the proposals will result

in a dilution of 40 per cent in ATH "B" holders equity interests in McLeod Russell (a holding of 38 per cent in the tea group being the company's main asset) and the substitution of "secondary UK property interests which are being acquired at a very high valuation."

Russell Wood is critical of the consideration being paid for the two companies, but the directors of ATH have said that they are entirely satisfied that the prices "fairly reflect the value to ATH of the two companies."

As regards the dilution of the McLeod Russell stake ATH said that in place of the reduction in the notional number of McLeod Russell shares each "B" holder will receive, under the proposals, "a valuable stake in the new property activities of ATH."

The outcome of the EGM is likely to hinge on the holding of Mrs. Elizabeth Legard, who controls 8.7 per cent of the total voting rights. Mrs. Legard is the sister of Mr. John Guthrie and the daughter of Mr. John Malcolm who already control 55 per cent of the ATH voting capital.

### SIEBENS/DOW

The £15m joint venture package between Siebens Oil and Dow Chemicals announced on Friday, could be worth an additional £10m under the terms of a mutual spending agreement. Dr. David Biggins, Siebens general manager, said yesterday that Dow could spend an amount equal to Siebens in conjunction with the £10m loan.

"As we devote money to North Sea exploration, Dow will match the sum and we will jointly have a potential spending base of £20m," he said. The money would be used primarily in the Seventh

Round of North Sea oil block bidding.

According to the Siebens annual report, about 65 per cent of the shares are held in the UK and 5 per cent are foreign-held. Dome Petroleum, the Canadian company, holds 30 per cent of Siebens.

### WESTPOOL TRUST

As a result of the £90m deal in which Lord Rayne is to transfer control of his business empire to Westpool Investment Trust, the fully diluted net assets value of Westpool will increase from £12.9m to £100.72m (including the London Merchant Securities interests at market value). This is equivalent to an increase in the underlying net asset value per share from 143.4p to 144.5p. The deal, which was announced last week, will also involve the payment of a second Westpool interim dividend of 3.5p per share for the year ended April 30. This will be paid to all shareholders on the register on May 23.

### IMPS/HOJO

IMPERIAL GROUP yesterday confirmed that a decision on whether to continue its \$600m bid for Howard Johnson, the American group, would be taken by May 20.

But the company declined to comment on reports that its directors have already decided to proceed with the offer. A spokesman for IMPS said: "No decision has yet been reached." At the group's annual meeting in March, Sir John Pile, the retiring chairman, told shareholders that there were "questions still to be answered." The review of these questions is to be completed by next week.

# Ultramar in 1980 Excellent prospects for the year



## Review of Ultramar Group Financial Results and Operations for the Quarter to 31st March 1980

### Summary of Financial Results

	First Quarter 1980 £ million	First Quarter 1979 £ million
Sales	223.8	200.8
Operating profit before taxation	31.5	12.2
Operating profit after taxation	19.1	6.8
Net profit	19.8	9.1
Cash flow from operations	23.9	11.0

The financial results of the Ultramar Group for the first quarter of 1980 were once again at a record high. The operating profit before taxation amounted to £31,500,000 compared with £12,200,000 for the first quarter of 1979. The net profit, after taxation and exchange fluctuations, was £19,800,000 for the first quarter of 1980 as against £9,100,000 for the corresponding quarter of last year.

These excellent results were achieved despite a sharp drop in the Group's sales of oil from 280,900 barrels per day in the first quarter of 1979 to 203,600 barrels per day for the first quarter of this year. Refinery runs were also lower. There are a number of reasons for the lower sales volume but primarily it reflects the reduced volumes of crude oil available to us and our deliberate policy of cutting back in the types of business which do not give adequate returns.

Nearly 40 per cent of our first quarter Group profits came from our Indonesian operations where the Badak LNG Plant continues to operate at throughput rates considerably in excess of design capacity. The producing divisions in Western Canada and the North Sea were also profitable, and

our refining and marketing operations did well overall. However, the financial return on our large investment in Eastern Canada, although improved, is still not satisfactory. We expect to make an early decision on whether to sophisticate the Quebec Refinery by adding equipment which will give us more light products and less heavy fuel oil.

In the first quarter, we took advantage of our strong cash position to prepay some £34,000,000 of long term debt and thereby reduce our interest costs.

For the rest of the year, our capital expenditure programme will concentrate on exploration and development in Indonesia, the North Sea and Western Canada. We will be participating with several groups of companies to apply for blocks in the forthcoming 7th round of North Sea licence applications.

There are some uncertainties for the remainder of the year but we expect the results for 1980 to be excellent.

Campbell Nelson  
Chairman

9th May 1980

### Ultramar Group Results for the Quarter to 31st March 1980

Consolidated Profit and Loss Account	First Quarter 1980 £ million	First Quarter 1979 £ million	Year 1979 £ million	Notes
Sales	223.8	200.8	1,001.7	
Profit on trading	35.0	15.8	106.4	
Amortisation, depreciation, depletion and amounts written off	3.5	3.6	15.5	
Elimination of remaining unamortised costs in Iran	—	3.5	3.6	
Operating profit before taxation	31.5	12.2	75.4	
Taxation on operating profit	8.3	2.9	15.6	
Current	4.1	2.5	14.5	
Deferred	12.4	5.4	30.1	
Operating profit after taxation	19.1	6.8	45.3	
Foreign exchange fluctuations (Note 2)	0.7	2.3	1.5	
Net profit	19.8	9.1	46.8	
Dividends				
Convertible Redeemable Preferred Shares	0.2	0.3	0.9	
Ordinary Shares —				
Interim 5p per share	—	—	2.3	
Final 10p per share	—	—	4.6	
Advance Corporation Tax written off	0.1	0.1	3.4	
Earnings retained for the period	19.5	8.7	35.6	
Cash flow from operations	22.9	11.0	28.3	
Earnings per Ordinary Share				
Basic	41.8p	19.6p	99.3p	
Fully diluted	37.2p	17.4p	88.1p	

### Consolidated Statement of Source and Application of Funds

Source of Funds	First Quarter 1980 £ million	First Quarter 1979 £ million
From Operations:		
Operating profit after taxation	19.1	6.8
Amortisation, depreciation, depletion and amounts written off	3.5	3.6
Deferred taxation on trading profits	4.1	2.5
Indonesian debt service equalisation (Note 4)	(2.8)	(1.9)
Cash flow from operations	23.9	11.0
From other sources:		
Long term loans raised	1.8	0.1
Exchange adjustments due to currency realignments	1.1	0.6
	26.8	11.7
Application of funds:		
Acquisition of subsidiary companies	—	3.4
Additions to fixed assets	8.5	6.5
Capital expenditures	8.5	9.9
Prepayment of long term debt (Note 5)	33.8	—
Portion of long term debt now due in one year	0.6	2.2
Convertible Redeemable Preferred Shares dividend including Advance Corporation Tax £0.1 million (1979 £0.1 million)	0.3	0.4
Miscellaneous items	0.2	(0.3)
(Decrease) in working capital	(16.6)	(0.5)
	26.8	11.7
Working capital at 31st March 1980	237.7	220.3
Long term loans at 31st March 1980	244.1	285.1

### Operating results

	First Quarter 1980	First Quarter 1979
Sales of oil (barrels per day)	203,600	280,900
Oil refined (barrels per day)	83,800	105,700
Oil produced (barrels per day)	8,800	9,200
Gas produced (thousands of cubic feet per day)	169,800	171,800
Gross wells drilled	15	8
Oil and gas wells completed (in which the Group has varying interests)	13	5

**Ultramar**

2 Broad Street Place, London EC2M 7EP





Financial Times Monday May 12 1980

MINING NEWS

# Selstrust starts to broaden base

By KENNETH MARSTON, MINING EDITOR

FOLLOWING a decade in which assets more than doubled and gross income increased five-fold, London's Selstrust is now broadening the base of its earnings so that no single mineral will contribute the major portion of revenue.

This policy, which aims to counter the effects of commodity price swings, will develop with the full fruition of the group's mines. In his annual statement the chairman, Mr. John Du Cane, points out that in a couple of years the rising contribution of precious metals, for example, will account for more than one-fifth of total sales revenue.

At the same time emphasis will be put on finding "the next generation of mines" rather than making "rushes" in industrial acquisitions. "Mines still remain one of the safest forms of investment over time," says Mr. Du Cane, adding "the group's grass roots exploration approach is the most effective way of obtaining new orebodies."

Next year will see the start of commercial production at the Australian Teutonic Bore and Canadian Selbair (formerly Detroit) copper-silver mines and at the U.S. Alligator Ridge gold deposit in Nevada.

This year, further growth in income and assets is expected with a full year's operations at the Agnew nickel mine in Western Australia, the Thibault gold mine in South Africa and higher dividends from the 7.56 per cent holding in America's Amstar, "truly one of the outstanding mining groups of the world."

Selstrust shares cannot be regarded as cheap in the current recessionary climate, but

## BOARD MEETINGS

BOARD MEETINGS  
The following companies have notified the Stock Exchange of board meetings. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY  
Interim—Alroy and Smithers, Brazil Fund SA, Dublin, E. J. Riley, Fines—British Home Stores, French Kite King and Sherrin, McDonald, Meritt Distillers, M. Mole, More O'Farrell, Scottish Northern Investment Trust, Tylon (Contractors), Young Companies Investment Trust.

FUTURE DATES  
Interim—Johnson and Firth Brown May 14, McCordquella June 4, Pleasure June 5, Scottish Investment Trust May 22, Statix (Rac) Organisation May 19, Fines—Chamberlain and Hill May 15, Evers May 21, Kwik Fit (Tyres and Exhausts) May 15, Newman Industries May 15, Whittbread May 21.

Amended.  
they remain a good purchase for the longer term and should be worth picking up on the dull market days that may obtain in the nearer term.

Options which, if exercised, will cost nearly \$30m have been entered into by Australia's Amstar in acquiring eight old gold mines in the Mount Magnet area of Western Australia. The most important of these is reckoned to be the Wheel of Fortune mine where 40,000 ounces of gold were recovered over the 14 years to 1972. Amstar is controlled by Golden Grove Mining.

## INSURANCE

# Ruling awaited on forum shopping

By OUR INSURANCE CORRESPONDENT

FORUM SHOPPING — the ability of the claimant to choose in which of several possible courts he will bring his action — has so long been a feature of the compensation claim scene that it might be thought that liability insurers, compensation lawyers, and the courts would have learned to live with it — indeed stoically to grin and bear it.

The claimant exercises his choice with an eye both to the most favourable pro-plaintiff liability laws and to the most favourable methods of assessing compensation. And Lord Denning noted in his judgment in *Castanho v Brown and Root* (UK) Ltd. on April 22, that choice may bring home a sum ten times larger than could be obtained in the English courts.

A fortnight ago the Court of Appeal gave leave to the defendants in *Castanho v Brown and Root* (UK) Ltd. to seek the views of the House of Lords. So finally has not been achieved and insurers and lawyers must wait, perhaps for a year or more, to be sure of the outcome.

The action arose from an accident on an oil rig supply ship off Great Yarmouth, in February 1977, when a Portuguese employee was rendered quadriplegic in circumstances where his employers were clearly liable.

The employee, Castanho, commenced an action for damages in England in September 1977, and in March 1978 an order was made for the payment of interim damages of £7,250. In December 1978, a further order for interim payment of £20,000 was made.

In June 1978, a firm of lawyers in Houston, Texas, offered to raise a claim against the defendant's employers in Texas, thereby enabling Castanho to claim far more compensation; their offer was on the usual Texas contingency fee basis, the lawyers' share to be one-third of any out-of-court settlement, or 40 per cent if they had to litigate.

In February 1979 a power of attorney—championed in the extreme by English eyes—the U.S. and are aware of the according to Lord Denning—was executed, conferring on the Texan lawyers exclusive powers

to represent the claimant in the U.S. A clause therein stated that the English proceedings would not be concluded before the U.S. claim was determined. Straightaway a claim for \$5m was lodged in the Texas state court.

Thereafter in England the claimant and defendants became entangled in the technicalities of the rules of the Supreme Court; indeed, as the dispute is now going to the House of Lords, they are still so entangled. The technical argument is over whether the claimant, having had interim payments in the British action, is entitled to discontinue his legal process in Britain.

The practical question—except on these disputed technical grounds—is how the defendants and their insurers can prevent the claimant changing his forum and getting perhaps £15m (net of lawyers' contingency fees) against the £150,000/£200,000 damages he would probably obtain in English courts.

Lord Denning decided that the claimant must continue his claim in Britain, but the other two judges held otherwise. Lord Justice Shaw clearly had no qualms about forum shopping—he said that if someone reduced to a human wreck could seek amends in a more generous environment, "his misfortune is the more offset by that fortuitous circumstance...the pursuit of that satisfaction is to be commended as justifiable, not to be condemned as avaricious... it would be less than humane to deny such a victim the opportunity to pursue his claim for compensation wherever it would evoke the most generous response."

In much the same vein, Lord Justice Brandon held that if the claimant could derive such great financial advantage by suing his employers in Texas, it seemed "entirely legitimate" for him to do so.

Perhaps Lord Justice Shaw put his finger on the vital point towards the end of his judgment, when he dealt with insurance: insurers of international and American corporations are aware of the level of damages that can be obtained in the U.S. and are aware of the opportunities of forum shopping, so they must fix their premiums accordingly.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any Shares.

## THE HEAVITREE BREWERY, LIMITED

(Incorporated under the Companies Acts 1962-1986)

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CUMULATIVE PREFERENCE SHARES OF £1 EACH

The Council of The Stock Exchange has admitted the above Shares to the Official List. Particulars relating to the Shares are available in the Extra Statistical Service and copies of the particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 30th May, 1980 from:

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32 St. Mary at Hill London EC3N 1HA

## SHARNA WARE LTD.

INCREASED PROFITS AND DIVIDEND

The 14th Annual General Meeting of Sharna Ware Limited was held on May 9 in Manchester. The following is the circular statement of the Chairman and Joint Managing Director, Mr. Sydney Orchard:

It is again my pleasure to report increased profits up 17.3% from £914,980 to £1,073,251 with a further strengthening of the Group's financial position. All Companies have shown profits.

The Manufacturing division has had another successful year and its products continue to attract wide popularity.

The new factory is now near completion and although the removal may cause some disturbance in production the premises should be a considerable asset to the Company's future growth.

All depots in the Wholesale division have made and are continuing to make increased profits.

With the relaxation of dividend control the Board are recommending a final dividend of 2.0681p per share which together with the interim dividend of 1.26p gives a total for the year of 3.3281p an increase of 25 per cent.

The Board view the future with confidence.

In conclusion, I extend thanks to my colleagues and all employees who have helped to produce such good results.

## Insurance Corporation records outstanding growth during 1979

Points from Review by Chairman, Mr. Perry Green to the 45th Annual General Meeting of The Insurance Corporation of Ireland Limited.

I am pleased to report again an increase in both premium income and profit of the company. Premium income after allowance for £125m from £125.3m in 1978 and profit before taxation was £125.4m compared with £125.3m in 1977. Profit after taxation was £125.3m compared with £125.2m in 1977. An increase of 0.1%.

Pre-tax earnings account as follows:

1979	1978
£m	£m
Investment income	5,003
Investment income from non-voting subsidiaries	346
Investment income from associated companies	50
Less transfer to staff pension fund	388
	5,355

After deduction of £125m from the net earnings of £125.3m, the company's earnings for 1979 of £125.3m with a balance of £125.3m to general reserve.

We recommend a final dividend of

5.725p net per share, which together with the interim dividend of 2.4p net per share paid in November 1979, makes a total of 8.125p net per share.

At the end of the year capital and reserves, including appreciation of investments and other assets over balance sheet values, were substantially in excess of half our premium income.

Despite continued inter-company and inter-broker competition, our Fire and Accident Departments increased net premium income to £125.3m and the net premium income of the Marine, Aviation and Transport Departments rose to £125.3m.

Our subsidiary Life Company continued its expansion in its 20th year of operation with net premium income of £125.3m (£125.3m).

The Group Investment Funds performed very satisfactorily in a difficult year for investment. During the year the prices of the Funds advanced as follows:

Global Property Fund	13.7%
Global Equity Fund	10.5%
Global Growth Fund	14.2%
Global Managed Fund	12.9%

Following the acquisition of 30% of the shares in Credit Finance Bank, which brought our shareholding to 50%, we

## INSURANCE CORPORATION

Copies of the Report and Accounts may be obtained from:

The Secretary, The Insurance Corporation of Ireland Limited, Burlington Road, Dublin 4.

## COMPAGNIE BANCAIRE

Société Anonyme  
Incorporated in France with limited liability.  
Regd. Office: 5 avenue Kléber, 75116 Paris.

### NOTICE TO SHAREHOLDERS

Following a Resolution passed at the Ordinary General Meeting held on 16th April, 1980 a dividend of Frs.10.00 per share of Frs.100.00 nominal for the year ended 31st December, 1979 is now payable as follows:

On presentation of Coupon No. 27 residents of the United Kingdom will receive Frs.7.50 per Certificate of Frs.100 nominal. Coupons will be paid at the rate of exchange on the day of presentation.

### Settlement of Additional Payments:

Under the terms of the Double Tax Convention between France and the United Kingdom, residents of the United Kingdom will receive, subject to the completion of Form R184GB, on or after 15th January, 1981 an additional Frs.5.25 per Bearer Share thus increasing their dividend entitlements to Frs.12.75 per share.

Holders are advised to submit Form R184GB at the time of presentation of Coupons but the Form may, however, be submitted at anytime up to 31st December, 1981.

Payments in respect of Coupons will be subject to deduction of United Kingdom Income Tax at the standard rate of 30% unless claims are accompanied by an affidavit.

Coupons should be lodged with:  
S.G. WARBURG & CO. LTD.,  
Coupon Department, St. Albans House, Goldsmith Street, London EC2P 2DL

from whom appropriate claim forms and further information can be obtained.

Copies of the Annual Report and Accounts are available in French and in English on application to S.G. Warburg & Co. Ltd.

## M. J. H. Nightingale & Co. Limited

27/28, Lovat Lane London EC3R 9EB Telephone 01-621 1212

1000's capitalisation	Company	Last Change	Gross price on weak Div. (p)	Yield %	P/E
8,818	Almington	88	1	6.7	10.2
375	Armstrong and Rhodes	31	1	3.8	12.3
8,401	Bardon Hill	275	1	13.8	5.0
800	Beaumont 10.7% PI	80	1	45.8	18.1
8,420	Deborah Ord	83	2	5.0	6.4
4,212	Frank Horrell	115	3	7.8	6.9
14,581	Frederick Parker	107	1	12.8	12.7
2,278	Georgia Blair	107	1	18.5	4.4
1,725	Jackson Group	89	1	5.2	7.5
14,906	James Burroughs	108	4	7.2	6.7
8,889	Robert Jenkinson	289	1	31.3	11.0
3,415	Torday	222	1	14.3	8.4
2,892	Twinnock Ord	14	1	0.8	8.0
2,047	Twinnock 12% US	75	1	12.0	18.0
6,288	Unilock Holdings	48	1	2.8	5.4
890	Unilock Holdings New	45	1	1	4.7
11,748	Walter Alexander	83	1	4.4	4.7
4,658	W. S. Vastar	200	3	12.1	6.1

† Accounts prepared under provisions of SSAP 15.

### FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rate for deposits received not later than 18.5.80.

Terms (years) 3 4 5 6 7 8 9 10  
Interest % 14 14 14 14 14 14 14 14

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 81 Waterloo Road, London SE1 8XP (01-428 7822 Ext. 367). Cheques payable to "Bank of England, a/c FFI. FFI is the holding company for ICFC and FCI.

### WORLDWIDE FUND LIMITED

A commodity futures trading fund

Net Asset Value per £1 share as at 30th April, 1980, £18.65

## EUROBONDS

The Association of International Bond Dealers Quotations and Yield spreads monthly in the Financial Times.

It will be published on the following dates in the remainder of 1980:

June 11  
July 14  
August 12  
September 15  
October 14  
November 11  
December 16

There is a limited amount of advertising space available each month: if your company is interested, please contact the office for details.

The Financial Advertisement Department  
on 01-248 8000 Ext. 424 or 389

This announcement appears as a matter of record only.

## EUROPEAN COAL AND STEEL COMMUNITY ("ECSC")

French Francs 150,000,000

14 1/4 % BONDS DUE 1986

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CAISSE DES DEPOTS ET CONSIGNATIONS

CREDIT COMMERCIAL DE FRANCE

CREDIT SUISSE FIRST BOSTON LIMITED

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NOMURA EUROPE N.V.

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Bank Gutzwiller, Kurz, Baumgartner (Overseas) Limited  
Bank Mees & Hope NV  
Bank Lou International Ltd, Nassau  
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Crédit Industriel d'Alsace et de Lorraine  
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Crédit du Nord  
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Hambro Bank Limited  
Hill Samuel & Co. Limited  
Industrielle von Japan (Deutschland) Aktiengesellschaft  
Intervention - Banque  
Istituto Bancario San Paolo di Torino  
Kauai International Investment Co. s.a.r.l.  
Kléber, Peabody International Limited  
Kleinwort, Benson Limited

Kreditbank N.V.  
Kreditbank S.A., Luxembourg  
Kuhn Loeb Lohmann Brothers International  
Lloyds Bank International Limited  
Manufacturers Hanover Limited  
Mortgage Midland Limited  
Mortgage Lynch International & Co.  
Mitsubishi Bank (Europe) S.A.  
Mitsui Finance Europe Limited  
Samuel Montagu & Co. Limited  
Crédit Agricole  
Crédit Général, S.A. de Banque  
Crédit Industriel d'Alsace et de Lorraine  
Crédit Industriel et Commercial  
Crédit du Nord  
Credito Italiano  
Daiwa Europe N.V.  
Den Danske Bank af 1871 Aktieselskab  
Deutsche Bank Aktiengesellschaft  
Deutsche Girozentrale  
Deutsche Kommunalbank  
Dresdner & Associates International S.C.S.  
DG BANK Deutsche Genossenschaftsbank  
Effektenbank - Warburg Aktiengesellschaft  
Fujitsu International Finance Limited  
Genossenschaftliche Zentralbank AG - Vienna  
Girozentrale und Bank der Betriebskassen  
Sparkassen Aktiengesellschaft  
Goldman Sachs International Corp.  
Hambro Bank Limited  
Hill Samuel & Co. Limited  
Industrielle von Japan (Deutschland) Aktiengesellschaft  
Intervention - Banque  
Istituto Bancario San Paolo di Torino  
Kauai International Investment Co. s.a.r.l.  
Kléber, Peabody International Limited  
Kleinwort, Benson Limited



**BY FRANCIS GHILES**

## CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
<b>U.S. DOLLARS</b>							
†Bilbao Intl. NV (g'teed Banco de Bilbao)	50	1990	10	5½	100	Citicorp, Banco de Bilbao	5.83%
†Fujikura Cable Works	15	1987	7	5½	100	Yamachi Intl. (Europe)	5.83%
*Federal Business Dev. Bank	75	1985	5	12½	100	Wood Gundy	12.25%
†State Bank of India	30	1987	7	6½	100	CSFB	6.84%
†Cafetere Fin. Corp.	30	1985	5	7½	100	Chemical Bank	7.12%
†Orient Leasing	30	1985	5	12	100	Daiwa Europe	12.00%
EDF (g'teed France)	100	1990	10	11½	100	Salomon Bros., BNP	11.25%
Ford O'seas Fin. NV	200	1985	5	12½	100	Goldman Sachs	12.42%
ECSC	100	1988	6½	11½	100	Paribas	11.50%
†Apache Intl. Fin. NV	25	1995	15	8½	100	Blyth Eastman Paine Webber	8.75%
†Caisse Nationale des Telecommunications	125	1990	10	"	"	Lazard Freres & Co.	"
Kingdom of Denmark	100	1990	7.9	11½	"	UBS (Securities)	"
EEC	75	1995	10½	11	99½	Deutsche Bank	11.07%
ICI Intl. Fin. NV	100	1983	3	11	"	S. G. Warburg, Deutsche Bank	11.00%
†Midland Intl. Fin. BV	150	1992	12	5½	100	S. Montagu, EBC, CSFB	5.319%
<b>D-MARKS</b>							
*Oesterreich. Kontrbk.	150	1987	7	9	100	Bayerische Landesbank	9.00%
*Kingdom of Sweden	200	1987	7	9	100	Deutsche Bank	9.00%
*Girozentrale Vienna	50	1987	7	8½	100	WestLB	8.575
<b>FRENCH FRANCS</b>							
Eurofima	120	1987	7	13½	100	CCF	13.500
<b>SWISS FRANCS</b>							
†Caisse Nationale des Telecommunications	100	1990	—	6½	100½	SBC	6.181
†Kubota	60	1985	—	6½	100	SBC	6.750
†Kubota	40	1986	—	7	100½	SBC	"
†Japan Airlines	80	1990	—	6	100½	UBS	5.932
†Lorhne Intl. Fin. NV	60	1990	—	7	100	Banque Keyser Ullmann en Suisse	7.000
†Vorarlberger Kraftwerke	50	1990	—	6	100½	Credit Suisse	5.932
*†ESCOM (g'teed Rep. South Africa)	75	1984	—	6½	100	SBC	6.750
†Iberduero Hidroelectrica	65	1990	—	7	100	Handelsbank NV	7.000
<b>STERLING</b>							
†Beneficial O'seas Fin. NV	20	1990	10	14½	100	Blyth Eastman Paine Webber	14.250
<b>GUILDERS</b>							
EBB	150	1995	13	10½	"	AmRo	"
*†F. van Lanschott Bankiers	50	1985	5	10½	99½	F. van Lanschott Bankiers	10.567

\* Not yet priced. † Final terms. \*\* Placement. † Floating rate note. † Registered with U.S. Securities and Exchange Commission. † Convertible. † Purchased Fund. † Yields are calculated on AIBD basis.

\* Not yet priced. ‡ Final terms. \*\* Placement. † Floating rate note. †† Registered with U.S. Securities and Exchange Commission. ‡ Minimum. § Convertible. ¶ Purchase Fund.  
Note: Yields are calculated on AIBD basis.

**BY PETER MONTAGNON**

## U.S. BONDS

	Week to May 9	Week to May 2
1-month Treasury Bill..	8.90	10.29
3-month commercial paper	9.38	11.38
5-year Treasury weekly		
average .....	11.13	14.35
10-year 30-year bond	10.36	10.66
100-day-term AAA utility...	11.45	11.625
100-day-term AAA industrial	10.75	11.255

Source: Salomon Bros. estimates.

The Fed. meanwhile, caught between these two conflicting pressures on needing to give both the right political and the right market signals. On the former front, it took the unusual step of commenting on the further steep decline in the money supply reported on Friday (M1-B down by a huge \$3.9bn). The Fed blames the size of the drop on speculation, thus usual processing of (and payments by the Treasury.

**BY IAN HARGREAVES**

**FT INTERNATIONAL BOND SERVICE**

U.S. DOLLARS				Change on				BONDTRADE INDEX AND YIELD			
Issued				Bid	Offer	day	week	May 9			
Alcoa of Australia	10 88	60	90%	91%	-0	+1	11.89	Medium term			
Aluminum Co. of Can.	90	100	90%	91%	-0	+1	11.89	Long term			
Beneficial Fin. 5 7/8	87	100	89%	89%	-1	0	11.87	May 9	88.55	11.07	79.21
CECA Grand, Rate 12 3/8	100	90%	89%	-0	+2	13.11		May 2	88.55	11.07	79.21
CECA 11% 30	50	97%	96%	-0	+2	11.91		High '80	81.03	21.01	89.19
Canadian Pacific 3 3/8	80	97%	96%	-0	+2	11.91		Low '80	86.24	21.01	71.54
Carter Hawley 3 3/8	50	89%	90%	-0	+2	12.13		(21/2)			
Comcast Inc. E. 104 91	40	92%	93%	-0	+1	11.42					
Comcast Inc. E. 104 91	40	92%	93%	-0	+1	11.42					
Dome Petroleum 10 94	54	83%	83%	-1	0	12.51					
Dominion Bridge 10 94	30	93%	94%	-0	+1	12.14					
EIB 13 52	80	96%	96%	-0	+2	12.41					
Expor. Ind. 11 87	50	97%	98%	-0	+1	11.72					
Expor. Dev. Corp. 84 100	94	94%	94%	-0	+1	11.12					
Expor. Dev. Corp. 84 100	94	94%	94%	-0	+1	11.12					
Finland 9 98	100	187	87%	-2	+2	12.31					
GTE Finance 9 39	55	86%	87%	-0	+1	12.14					
GMAC 9 39	75	87%	87%	-0	+1	12.14					
GMAC O/S Fin. 11 84	100	97%	97%	-1	+1	11.65					
GMAC O/S Fin. 12 85	100	105%	105%	-0	+1	11.86					
ITT Antillia 8 78	50	91%	91%	-1	+1	12.24					
Kennecott Int. 91 80	100	88%	87%	-0	+1	12.82					
McDowd 13 85	75	89%	90%	-0	+1	11.36					
Noranda 8 84	75	87%	87%	-0	+1	12.27					
Michelin 10 94	125	87%	87%	-0	+1	11.82					
Nat. Des. Telecom. 9 88	100	91%	91%	-1	+1	11.50					
Noranda 8 84	75	87%	87%	-0	+1	11.82					
Newfoundland 10 94	50	90%	90%	-1	+1	11.37					
Norges Komm. 9 94	100	185%	96%	-1	+1	12.02					
Norway 8 84	150	94%	94%	-0	+1	11.28					
Norw. Ind. 11 87	50	138%	98%	-0	+1	11.81					
Norw. Scotia Pwr. 9 83	50	88%	83%	-1	+1	10.71					
Pennwalt O/S F. 84 84	25	82%	82%	-1	+1	12.23					
Quebec Hydro 10 94	75	81%	82%	-1	+1	12.23					
Saara Roebuck 9 82	100	36%	36%	-0	+1	11.15					
Swedish 9 83	100	88%	88%	-0	+1	11.82					
Sweden 9 83	200	152%	93%	-0	+1	12.46					
Swedish 9 83	200	152%	93%	-0	+1	12.46					
Unilever NV 9 87	100	90%	90%	-1	+1	11.20					
Warner-Lambert 9 84	100	82%	82%	-0	+1	11.29					
Average price changes...				On day	+0	on week	+0				
SWISS FRANC STRAIGHTS				Change on							
Issued				Bid	Offer	day	week				
Australia 8 90	250	96%	96%	-0	+0	8.27					
BPCE 74 87	100	97%	97%	-0	+1	8.26					
Brazil 8 87	100	92%	92%	-0	+1	8.26					
CECA 7 78	150	90%	91%	-0	+1	8.26					
CECA 7 78	150	90%	91%	-0	+1	8.26					
Denmark 7 86	100	95%	95%	-0	+1	8.84					
Denmark 9 82	100	97%	96%	-0	+1	8.84					
EIB 7 83	200	93%	93%	-0	+1	8.86					
Finland Ref. of 8 88	150	86%	87%	-0	+0	8.70					
Finland 8 88	150	86%	87%	-0	+0	8.70					
Neder. Gasunie 8 86	100	98%	98%	-0	+0	6.19					
New Zealand 74 87	200	93%	93%	-0	+1	8.86					
Norw. Ind. 11 87	50	91%	92%	-0	+1	8.86					
OKB 7 83	100	91%	92%	-0	+1	8.86					
Oile. City of 8 80	80	98%	100%	-0	+1	8.74					
World Bank 74 91	400	93%	94%	-0	+1	8.87					
World Bank 76 90	250	95%	96%	-0	+1	8.83					
World Bank 8 86	100	90%	90%	-0	+1	8.83					
World Bank 10 86	200	106%	107%	-0	+2	8.87					
Average price changes...				On day	+0	on week	+0				
SWISS FRANC STRAIGHTS				Change on							
Issued				Bid	Offer	day	week				
Australia 8 89	60	96%	96%	-0	+1	5.57					
Aumar 8 89	50	96%	96%	-0	+1	5.57					
Australia 3 89	250	89%	89%	-0	+1	5.10					
CECA 4 81	70	86%	86%	-0	+1	5.87					
BNDE 5 89	70	86%	86%	-0	+1	5.87					
BMW Overseas 4 51	100	91%	91%	-0	+1	5.27					
Caisse Nat. Tels. 4 89	100	92%	92%	-0	+1	5.42					
Credit Suisse 9 81	100	97%	97%	-0	+1	5.87					
Copenhagen 4 91	80	87%	87%	-0	+1	6.05					
Deutsche Bank 9 81	100	92%	92%	-0	+1	6.03					
EIB 8 84	100	86%	86%	-0	+1	5.82					
Est. de France 4 89	100	83%	83%	-0	+1	5.32					
Finland 8 88	100	86%	86%	-0	+1	5.88					
Hilt 4 81	100	83%	83%	-0	+1	5.88					
Int. Amer. Dev. 4 88	100	88%	88%	-0	+1	6.05					
Juridat Tels. 5 80	80	100	100%	-0	+1	5.46					
Nippon Tel. E. 7 4 88	100	91%	92%	-0	+1	6.78					
Nordic Bank 4 89	45	97%	98%	-1	+1	5.28					
Norges Komm. 5 91	100	87%	87%	-0	+1	5.94					
Norw. Ind. 11 87	50	91%	92%	-0	+1	5.88					
OKB 4 91	100	88%	87%	-0	+1	5.97					
OKB 6 90	100	102%	103%	-0	+1	5.83					
Shikoku 4 89	80	92%	92%	-0	+1	5.89					
Shikoku 4 89	80	92%	92%	-0	+1	5.89					
Staweg 4 81	80	92%	92%	-0	+1	5.89					
Voest-Alpine 4 89	80	92%	92%	-0	+1	5.84					
World Bank 4 89	150	92%	92%	-0	+1	5.84					
World Bank 4 91	100	90%	91%	-0	+1	5.74					
Average price changes...				On day	+0	on week	+0				
OTHER STRAIGHTS				Change on							
Issued				Bid	Offer	day	week				
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 104 85	60	92%	93%	-0	+1	12.36					
Beil Canada 1											

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**Closing prices on May 9**

**has combined with**

## The Consumers' Gas Company

**to form**

# Hiram Walker-Consumers Home Ltd.

*The undersigned assisted in the negotiations leading to this transaction  
and acted as financial adviser to Hiram Walker-Gooderham & Worts Limited  
and to The Consumers' Gas Company.*

# Dominion Securities Limited

**April 1980**



This announcement appears as a matter of record only. The Debentures were offered and sold outside the United States of America.



## NICOR Overseas Finance N.V.

(a Netherlands Antilles corporation and wholly-owned subsidiary of NICOR Inc.)

U.S. \$50,000,000

### 10 3/4% Convertible Subordinated Debentures due May 1, 1995

Convertible on any Interest Payment Date through May 1, 1985 into 14% Subordinated Debentures due May 1, 1995 of NICOR Overseas Finance N.V., or on and after December 1, 1980 into Common Stock of NICOR Inc.

The Debentures are Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal, Premium, if any, and Interest by

**NICOR Inc.**  
(an Illinois corporation)

Goldman Sachs International Corp.

S. G. Warburg & Co. Ltd.

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Nomura Europe N.V.

Abu Dhabi Investment Company	Algemene Bank Nederland N.V.	AMAS S.A.	Amsterdam-Rotterdam Bank N.V.
Arnhold and S. Bleichroder, Inc.	Bache Halsey Stuart Shields	Banka del Gottardo	Bank of America International
Bank of America International	The Bank of Bermuda	Bank Gutzwiller, Kurz, Bungenier (Overseas)	Bank Julius Baer International
Bank Leu International	Bank Mees & Hope NV	Bankers Trust International	Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Générale du Luxembourg S.A.	Banque de l'Indochine et de Suez	Banque Internationale à Luxembourg S.A.	Banque Louis-Dreyfus
Banque de Neufize, Schlumberger, Mallet	Banque de Paris et des Pays-Bas	Banque Populaire Suisse S.A. Luxembourg	Banque de Paris et des Pays-Bas (Suisse) S.A.
Banque Rothschild	Banque de l'Union Européenne	Banque Worms	Barclays Bank International
Bayerische Hypotheken- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank	Bergan Bank
Berliner Handels- und Frankfurter Bank	Blyth Eastman Paine Webber	B.S.I. Underwriters	Cazenove & Co.
Centrale Rabobank	Chase Manhattan	Chemical Bank International	Christiania Bank og Kreditkasse
Citicorp International Group	Compagnie de Banque et d'Investissements (Underwriters) S.A.	Compagnie Monégasque de Banque S.A.	Continental Illinois
Copénhagen Handelsbank	County Bank	Crédit Agricole	Crédit Commercial de France
Crédit Industriel et Commercial	Crédit Lyonnais	Crédit Suisse First Boston	Creditanstalt-Bankverein
Daiwa Europe N.V.	Richard Daus & Co. Bankiers	Den Danske Bank	Den norske Creditbank
Deutsche Girozentrale	Deutsche Kommunalbank	De Zoete & Bevan	Dillon, Read Overseas Corporation
Dresdner Bank	European Banking Company	Robert Fleming & Co.	Groupement des Banquiers Privés Genevois
Hambros Bank	Hessische Landesbank	Hill Samuel & Co.	Hoare Govett
IBJ International	Instituto Bancario San Paolo di Torino	Kidder, Peabody International	Kuhn Loeb Lehman Brothers International
Kleinwort, Benson	Kreditbank N.V.	Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Kuwait International Investment Co. s.a.k.
Lazard Brothers & Co.	Lazard Frères et Cie	Lloyds Bank International	London & Continental Bankers
LTCB International	Manufacturers Hanover	Merrill Lynch International & Co.	Samuel Montagu & Co.
Morgan Grenfell & Co.	Morgan Stanley International	Nederlandsche Middenstandsbank N.V.	Norddeutsche Landesbank
Niederlande Creditbank N.V.	The Nikko Securities Co., (Europe) Ltd.	Nomura Europe N.V.	Orion Bank
Sal. Oppenheim jr. & Cie	Pierson, Holding & Pierson N.V.	PKbanken Investments	Postipankki
Privatbanken	Rothschild Bank AG	N. M. Rothschild & Sons	Rowe & Pitman
Saudi Arabian Investment Company Inc.	J. Henry Schroder Wagg & Co.	Salomon Brothers International	Singer & Friedlander
Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co.	Société Générale	Société Générale de Banque S.A.
Strauss, Turnbull & Co.	Svenska Handelsbanken	Swiss Bank Corporation (Overseas)	Union de Banques Arabes et Françaises-U.B.A.F.
Verband Schweizerischer Kantonalbanken	Verzins- und Westbank	Westdeutsche Landesbank	Dean Witter Reynolds International
J. Vontobel & Co.	Wardley	Wood Gundy	Yamaichi International (Europe)

May 12, 1980

This announcement appears as a matter of record only. The Bonds were offered and sold outside the United States of America.

U.S. \$85,000,000

## Caisse Nationale des Autoroutes

12 3/4% Guaranteed Bonds due May 1, 1995

Unconditionally guaranteed as to payment of Principal, Premium, if any, and Interest by

**The Republic of France**

Goldman Sachs International Corp.

Amsterdam-Rotterdam Bank N.V.

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Hambros Bank Limited

Manufacturers Hanover Limited

Westdeutsche Landesbank Girozentrale

May 12, 1980

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.

U.S. \$75,000,000

## McGraw-Edison International Finance N.V.

(a wholly-owned subsidiary of McGraw-Edison Company)

13 1/2% Guaranteed Notes due May 1, 1985

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by

**McGraw-Edison Company**

Goldman Sachs International Corp.

Dean Witter Reynolds International

Merrill Lynch International & Co.

Banque de Paris et des Pays-Bas

Société Générale de Banque S.A.

Swiss Bank Corporation (Overseas) Limited

Westdeutsche Landesbank Girozentrale

Abu Dhabi Investment Company	Algemene Bank Nederland N.V.	Amsterdam-Rotterdam Bank N.V.
Arnhold and S. Bleichroder, Inc.	Bache Halsey Stuart Shields	Banca del Gottardo
Bank of America International	Bank Gutzwiller, Kurz, Bungenier (Overseas)	Bank Julius Baer International
Bank Leu International	Bank Mees & Hope NV	Bankers Trust International
Banque Arabe et Internationale d'Investissement (B.A.I.I.)	Banque Générale du Luxembourg S.A.	Banque de l'Indochine et de Suez
Banque Louis-Dreyfus	Banque de Neufize, Schlumberger, Mallet	Banque Internationale à Luxembourg S.A.
Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque de l'Union Européenne	Banque Rothschild
Banque Worms	Barclays Bank International	Baring Brothers & Co.
Bayerische Hypotheken- und Wechsel-Bank	Bayerische Landesbank Girozentrale	Bayerische Vereinsbank
Bergan Bank	Berliner Handels- und Frankfurter Bank	Blyth Eastman Paine Webber
B.S.I. Underwriters	Cazenove & Co.	Centrale Rabobank
Chase Manhattan	Chemical Bank International	Christiania Bank og Kreditkasse
Citicorp International Group	Compagnie de Banque et d'Investissements (Underwriters) S.A.	Compagnie Monégasque de Banque S.A.
Copénhagen Handelsbank	County Bank	Crédit Agricole
Crédit Industriel et Commercial	Crédit Lyonnais	Crédit Suisse First Boston
Creditanstalt-Bankverein	Daiwa Europe N.V.	Richard Daus & Co. Bankiers
Den Danske Bank	Den norske Creditbank	Deutsche Girozentrale
Deutsche Kommunalbank	Dillon, Read Overseas Corporation	Dresdner Bank
European Banking Company	Robert Fleming & Co.	Groupement des Banquiers Privés Genevois
Hill Samuel & Co.	Hoare Govett	E. F. Hutton International Inc.
Kidder, Peabody International	Kuhn Loeb Lehman Brothers International	Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k.	Lazard Brothers & Co.	Lazard Frères et Cie
Lloyds Bank International	London & Continental Bankers	Merrill Lynch International & Co.
Samuel Montagu & Co.	Nederlandsche Middenstandsbank N.V.	Norddeutsche Landesbank
Orion Bank	Pierson, Holding & Pierson N.V.	PKbanken Investments
Postipankki	Privatbanken	Rothschild Bank AG
Saudi Arabian Investment Company Inc.	J. Henry Schroder Wagg & Co.	Salomon Brothers International
Singer & Friedlander	Skandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co.
Société Générale	Société Générale de Banque S.A.	Svenska Handelsbanken
Swiss Bank Corporation (Overseas)	Union de Banques Arabes et Françaises-U.B.A.F.	Verband Schweizerischer Kantonalbanken
Verzins- und Westbank	Westdeutsche Landesbank	Dean Witter Reynolds International
Wood Gundy	Yamaichi International (Europe)	

May 12, 1980



## NL Industries Reports...

# 75% increase in first quarter earnings from continuing operations.

This report is a part of our program to keep you informed of what is happening at NL Industries. If you would like additional information, please contact us.

*Ray C. Adam*  
Chairman and  
Chief Executive Officer

NL Industries, Inc. reported record income from continuing operations for the first quarter of 1980 of \$36,505,000 or \$1.07 per common share, a 75% increase over first quarter 1979 income from continuing operations of \$20,828,000, or 61 cents a common share. Consolidated first quarter 1980 sales of \$505,614,000 represent a 21% increase over the previous year's first quarter sales of \$419,384,000.

Income growth for the quarter significantly exceeded sales growth reflecting improved profitability of European operations, a greater contribution of income from NL's equity interest in partially owned companies and a shift to higher

margin petroleum service products.

Assuming modest impacts from the continuing inflation, the projected recession, and unsettled foreign exchange markets, NL should achieve record earnings for the year with percentage gains similar to those recorded in 1978 and 1979.

All operating groups show gains

All operating groups: petroleum services, chemicals and metals contributed to first quarter record results. NL Petroleum Services operating income increased by approximately 55% in the first quarter benefiting from greater worldwide drilling activity. Demand for drilling fluids and services was especially strong. Blowout preventer sales, equipment rental, and wireline and other oilfield services also contributed to the improved results.

NL Chemicals showed marked improvement in the first quarter, reflecting the worldwide strength of titanium pigments operations which had substantial sales gains and more than a tripling of earnings. All six of NL's titanium pigment plants operated at near capacity levels. Specialty chemicals continued to generate good results.

Earnings of NL Metals were ahead of first quarter 1979 levels. As a result of improved efficiencies, combined earnings of castings, fasteners, bearings, and automotive design services approached 1979 levels, even though 50% of their products are used by the currently depressed automotive industry. NL's 50% owned subsidiary, Titanium Metals Corporation of America, a producer of titanium metal and fabricated specialty steel products, continued to show significant earnings improvement reflecting increased demand from the aerospace and railroad industries.

Net income for the first quarter of 1980 was \$1.07 per common share. The first quarter 1979 net income included a nonrecurring gain of 80 cents per common share, reflecting a change in accounting for the investment tax credit from the deferral method to the flow-through method. After this credit the first quarter 1979 net income was \$1.42 per common share.

NL Industries, Inc. is a leading worldwide manufacturer and supplier of petroleum services and equipment, specialty chemicals and fabricated metal products, with annual sales approaching \$2 billion.

If you would like to know more about NL Industries' performance, simply mail the coupon below for a copy of our 1979 Annual Report.



NL Industries, Inc.  
1230 Avenue of the Americas  
New York, N.Y. 10020  
Please send me a copy of NL's 1979 Annual Report.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_

### Sales and Earnings (unaudited) (in thousands, except per share)

	For the three months ended March 31	
	1980	1979
Sales	\$505,614	\$419,384
Income before taxes on income	\$ 64,456	\$ 33,044
Provision for taxes on income	27,951	12,216
Income from continuing operations	\$ 36,505	\$ 20,828
Income of discontinued operations	—	134
Income before cumulative effect of accounting change	36,505	20,962
Cumulative effect of accounting change	—	28,257 (A)
Net income	\$ 36,505	\$ 47,219
Income per share of common stock (B):		
Income from continuing operations	\$ 1.07	\$ .61
Net income	\$ 1.07	\$ 1.42 (A)

#### NOTES:

(A) Reflects the cumulative effect (\$80 per common share) of the 1979 change in the method of accounting for the investment tax credit from the deferral method to the flow-through method.  
(B) Income per share of common stock has been calculated after deduction (\$0.03 per share of common stock) for preferred stock dividend requirements of \$1,078,000.

## CONTRACTS AND TENDERS

### PETROLEO BRASILEIRO S.A. — PETROBRAS RIO DE JANEIRO — BRAZIL

#### ANNOUNCEMENT OF COMPETITIVE BIDDING SUPEX — 05/80

- PETROBRAS announces the opening of a competitive bidding for petroleum exploration in areas located onshore and offshore Brazil.
- The relevant contracts shall be executed in the form of service contracts, with risk clause, provided that CONTRACTOR'S remuneration shall be contingent upon the achievement of commercial production from the fields discovered and developed by the CONTRACTOR.
- Companies to enter into such contracts shall have technical and financial capacity, provided that companies domiciled outside Brazil shall also demonstrate experience and tradition in exploration and development of petroleum fields. Companies are requested to contact PETROBRAS in order to obtain the application form at one of the addresses below:

- AV. REPUBLICA DO CHILE, 65-18° ANDAR, SALA 1858 — RIO DE JANEIRO, BRASIL.
- 77 SOUTH AUDLEY STREET, 2ND FLOOR, LONDON, W1Y 5TA, ENGLAND.
- 1221 AVENUE OF THE AMERICAS, 22ND FLOOR, NEW YORK, N.Y. 10020—U.S.A.
- 66 AV. CHAMPS ELYSEES, 8EME ETAGE, PARIS — 75008 — FRANCE

The said application form is to be filled in by the interested company and then returned to any one of the addresses indicated above, by 5 p.m. (local time) the 30th June 1980.

- Each company will be informed as from 21st July, 1980, of the result of its application in the preliminary selection and of the basic conditions it must comply with for the purpose of making its bids.
- Participation in the said preliminary selection does not and shall not imply the granting of any guarantees, privileges or rights whatsoever to any of the interested companies, it being understood that PETROBRAS is absolutely free, at its sole discretion, to cancel, remake or dispense with such preliminary selection, or invite whichever company it may choose in order to contract with for the execution of the services referred to in this Announcement.

Rio de Janeiro, May 12th, 1980.

DEPARTMENT OF EXPLORATION CONTRACTS  
— SUPEX —  
LAURO VIERA / SUPEX / SUPERINTENDENT

### NIGERIAN COAL COMPANY OF ANOU ARAREN

#### INTERNATIONAL NOTICE OF PREQUALIFICATION

#### THERMAL POWER-STATION OF ANOU ARAREN

#### HOUSING ESTATE FOR THE PERSONNEL, 2nd SECTION

The Nigerian Coal Company of Anou Araren will soon make a call for bids for the overall erection of a second section of housing units in the personnel housing estate of the Anou Araren power-station.

The housing estate is 2 km from the power-station, which itself is located 70 km north-west of Agadez (North Niger). There is easy access, thanks to a tarred road from that town.

The works concern 124 two- and three-room housing units, built in bungalow style, with modern amenities, with interior fittings of standard comfort. The works will start October 1, 1980 and shall be completed within a maximum of 18 months, together with a road system and various networks. The call for bids will open on June 10, 1980.

The firms which are interested must provide, before May 25, 1980, in duplicate, the references usually required for a prequalification, such as: experience in similar works, organization of the firm, means in personnel and equipment, financial structure of the company.

One copy shall be sent to:  
Monsieur le Secrétaire Général de SONICAR  
Boite Postale 724, NIAMEY (Niger).

And the other copy to:  
ELECTRICITE DE FRANCE  
Direction des Affaires Extérieures et de la Coopération  
68 rue du Faubourg Saint Honoré, 75006 PARIS.

### EDUCATIONAL

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### COMPANY NOTICE

THE ZEMITH CARBONISTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that, subject to approval in General Meeting, a dividend of 2.5 pence per share (rounded) will be payable on the 23rd May, 1980, in respect of the year 1979 to shareholders registered on the 22nd March 1980.

Coupons, numbered 27, relative to "A" share warrants to bearer will be paid at the offices of the Company's Registrars, The General Agency & Trust, Bourne House, 24, Leadenhall Road, London, E.C.3, on or after 23rd May, 1980.

By Order of the Board,  
F. W. SUMNER, Secretary.  
Honeywell Lane, Stanmore, Middlesex, May, 1980.

### LOCAL AUTHORITY BONDS

Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS

on offer to the public

For advertisement details please ring  
B. Kelaart  
01-248 8000  
Extn. 266

### OVERDUE TAX

BY CUTHBERT SHANKLAND

## Interesting results from the law on delay

TO A professional accountant like myself, the 12 per cent interest charged on overdue tax appears a pernicious charge. Naturally, the Inland Revenue is delighted to exact a penalty from the slow payer, but often this operates unfairly. For the interest may begin to run from a time when the accounts are not even prepared.

This is how it works. The XYZ Company Limited has an internal check system, a full staff of competent accountants and a good record with regard to payment of corporation tax. Yet let us suppose that for some reason the annual audit is delayed, so that the amount of tax due is an unknown quantity. What then are the directors to do?

Usually in such a case, the company secretary receives an estimated assessment, which he hands to the tax adviser. The assessment, note by its very nature, is arrived at purely by guesswork on the part of the tax inspector for the district. The tax calculated on the estimate may differ considerably from the figure eventually agreed with the inspector.

### Unsettling

Probably the tax adviser will agree that the secretary should pay the amount shown on the notice. However, in due course the audit is completed, the accounts are finalised and the correct corporation tax liability is arrived at. That figure may be considerably higher than the estimated assessment. XYZ's secretary pays the difference, and thinks that the matter is settled. But it is not that simple.

The collector of taxes now



"They were all overdue with their tax!"

writes to XYZ, demanding interest at 12 per cent on the difference between the estimated tax and the agreed tax. Thus a company of good repute, doing its best to comply with the law, is penalised for a delay not of its own causing.

But does the Inland Revenue ever pay interest to a taxpayer who has overpaid tax? In all my 53 years' professional experience, I have not come across such a case.

The interest demand is particularly irritating when an inspector of taxes has been lax and allowed a matter to hang fire because he has been under too much pressure to find time to settle it.

Most UK taxpayers are dealt with under PAYE and are thus not affected by interest on over-

The interest threat is contained in the notes on the return form, which must be forwarded with the dividend tax. When the charge first came in, I wrote to the Board of Inland Revenue, pointing out that the printed instructions should be easier to understand. However, that has never been done.

Here I must make clear that I am not hostile to the Inland Revenue, which is most helpful to accountants. Inspectors of taxes are not averse. They often put themselves out to help individual taxpayers and assist them to obtain the benefits to which they are entitled.

### Relentless

The reason, it seems to me, for the severe attitude adopted by the Inland Revenue towards interest on overdue tax is that the tax authorities are in two groups, the hardliners and the moderates. The Treasury is putting severe pressure on the latter. Similarly, district inspectors are subject to continuous demands to get in as much tax as possible.

I have found that if an inspector is too lenient and fails to prod taxpayers in his district with sufficient intensity, he is liable to be removed and even demoted. Thus the pressure on taxpayers and their agents, as accountants are termed, is relentless and often unreasonable. I foresee a future in which fewer of my profession remain in private practice.

The hardest of us will weather the storm of long, inquisitorial letters, countless queries, production of books and working papers, and endless appraisals. But most accountants will go into industry or the Civil Service, beaten by the unequal battle with the Inland Revenue machine.

Mr. Shankland is a chartered accountant in Cardiff.

# THE FAIR YOU CAN'T AFFORD TO MISS!



Come to Rotterdam and meet the new generation of India's industry!

Looking for new products, new ideas, new possibilities? Come to the India Industrial Fair in Rotterdam.

From 19 through 23 May, you'll find in the Ahoy Exposition Centre the largest presentation of India's technical export potential ever. Over 200 participants will be there to demonstrate the range and the quality of their products.

You'll meet the new generation: India's young and enterprising manufacturers, ready to market to the rest of the world. They'll offer you products geared to the demanding European markets. At prices that are very, very competitive, possibly considerably lower than you are paying now... for the same quality!

They can also be your ideal partners for joint-ventures in the developing countries. And they can act as suitable subcontractors. Yes, this is a fair you can't afford to miss. After all, if your competitors are going to be there, shouldn't you?

Meet the people, see the products. At the fair you will meet participants and their products in the following sectors: industrial machinery; transport & traffic; machine tools (including accessories and cutting tools); hand

and small tools; electrical engineering; electronic & communication systems; industrial castings and forgings; iron, steel & non-ferrous metal products; chemical and allied products; project & technical consultancy, including subcontracting and joint-ventures.

#### For more information.

The India Industrial Fair is organized by the Trade Development Authority of India.

For more information: Association of Indian Engineering Industry, c/o Confederation of British Industry, 21 Tothill Street, London SW 1H 9LP, England. Phone: (01) 930 6711. Telex: 21332 cbi g.

### INDIA INDUSTRIAL FAIR



AHOY CENTRE ROTTERDAM May 19-23, 1980.

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# OVERSEAS NEWS

## China reverts to a 1950 economic custom The statistics of change

BY COLINA MACDOUGALL

CHINA'S year-old strategy of economic "readjustment" faces some dangerous hurdles, according to the State Statistical Bureau's communique published last week on the country's progress in 1979.

The communique shows an encouraging desire by the Chinese to conform to international practice. After a 20-year blackout, Peking has apparently now reverted to its 1950s custom of issuing regular statistics. But the communique, despite the successes, reveals underlying problems which could undermine some of the economic successes of last year. Target figures for the agricultural and industrial growth in 1980—published separately last month—showed that the rate of increase will fall, while hints about over-inflating suggest that inflation is a very real problem.

China's "readjustment" policy was designed to channel investment away from heavy industry into light industry and agriculture to provide the Chinese with a better diet and more consumer goods.

In agriculture this apparently worked well. The grain harvest beat the target—partly a result of reasonable weather but also aided by higher prices offered to farmers by the state.

A question-mark remains over the actual size of the grain figure given by the State Statistical Bureau as the Chinese have increased its several times since last autumn.

has given the consumer a much better deal. Rural incomes apparently went up by more than 10 per cent and the average worker's wage rose by 9.5 per cent. With the extra money people were able to feed themselves better, buy more clothes and perhaps a radio or even TV. Retail sales increased by 15 per cent. These consumer goods were produced by a light industry expanding at a rate of nearly 10 per cent—some encouragement for a population weary of empty promises about the benefits of socialism.

This, however, is not the whole picture. The Chinese have already shown alarm over how much prices have risen (a Peking directive on price control was issued only a few weeks ago). Although above target, output has not been enough to mop up spending power.

Inflationary pressure is also fuelled by waste and over-spending in heavy industry and construction, not only causing huge losses, as the Chinese freely admit, but also straining future production.

The communique reveals that the growth of heavy industry rose marginally above its planned level last year (7.7 per cent instead of 7.6 per cent), but, worse, almost a quarter of state-owned enterprises—nearly as many as Chairman Hua reported to the National People's Congress last June—were still running at a loss and the quality of products did not meet previous tests.

duction last year, the overall trend in the rate of growth has been downward since 1978. True, the Chinese are deliberately slowing growth as part of the readjustment process, but this cannot be allowed to continue too long.

The only target figures so far issued for 1980 (totals for industrial and agricultural growth together and separately) show an expected fall in industrial growth to only 6 per cent. In contrast, the long-term trend of industrial expansion estimated by U.S. experts on China was 9 per cent-10 per cent annually for the 1965-78 period. (See China: A Statistical Compendium, July, 1970, National Foreign Center, Washington.)

If the Peking leadership is to fulfil its commitment to increasing prosperity, a reversal of the trend will be needed. The National Income figure, which the Chinese for the first time this year, works out at only \$332 per head. Annual percentage increases for 1977-79 show that the growth rate in National Income is dropping. Inflation may erode it, too.

But this may not yet give cause for alarm. The only statistics with which the National Income figures are comparable (because of the total lack of a previous Chinese series) are U.S. estimates of China's GNP (National Income figures unlike those for GNP, do not take account of depreciation or indirect taxation and neither of these is significant in China). They show an average annual

CHINA ECONOMIC INDICATORS			
	1978	1979	
National income	\$210.0bn	\$224.7bn	
Gross value industrial and agricultural output	\$379.3bn	\$411.0bn	
Gross value industrial output	\$282.0bn	\$306.0bn	
Gross value agricultural output	\$97.3bn	\$105.0bn	
Coal (m tonnes)	618.0	635.0	
Crude oil (m tonnes)	104.0	106.1	
Electricity (m kwh)	257.0	281.9	
Cotton cloth (m metres)	11.0	12.1	
Roller steel (m tonnes)	22.1	24.9	
Grain (m tonnes)	304.8	332.1	
Pork, beef and mutton (m tonnes)	8.5	10.6	
Oil-bearing crops (m tonnes)	5.2	6.4	

Source: State Statistical Bureau

	1977	1978	1979	1980
%	%	%	%	%
Increase in national income	8.0	12.0	7.0	—
Increase in gross value industrial and agricultural output	—	12.3	8.2	5.5
Increase in gross value agricultural output	—	8.9	8.6	3.8
Increase in gross value industrial output	—	13.5	8.5	6.0

Source: Official publications

\* Includes output of agriculture, industry, building, transport, communications and commerce, but not services.

growth from 1952-77 of only 6 per cent compared with the National Income 1977-79 average of 9 per cent.

However, the Chinese cannot neglect the problem. Fluctuations in growth in National Income in 1977-79 suggest that it is much more closely linked to the performance of industry than agriculture. But industrial expansion as practised in China is highly inflationary—funds are pumped in without a corresponding increase in productivity

or revenues.

In an authoritative article last autumn, the President of the People's Bank of China said: "Capital construction pushes financial departments, financial departments push the Bank and the Bank issues banknotes."

Overcoming these problems will require more economic understanding and administrative flair at middle management levels than Peking seems able at present to deploy.

## Bahrain moves slowly on trade union recognition

BY OUR BAHRAIN CORRESPONDENT

BAHRAIN IS taking its first cautious steps towards organising recognised trade unions, according to the principles enshrined in the constitution and in the 1978 labour law for the private sector.

As a member of the Arab Labour Organisation and the International Labour Organisation, Bahrain sends a tripartite delegation representing government, employers and workers to international labour conferences. More than a dozen labour conventions are awaiting ratification, on everything from freedom of association to pay and conditions of work.

The present move towards democratic labour representation, starting with joint consultative committees in major industrial and commercial companies, seems to be a government response to international obligations, rather than the result of a spontaneous demand from the 50,000-strong Bahraini labour force, outnumbered two to one by foreigners from India, Pakistan, the Far East and, to a lesser extent, from the West. These expatriates are a transient population, and only a few professionals show signs of solidarity.

An industrial dispute in 1973 at the two-year-old aluminium smelter ended in police intervention, with several arrests and nearly 200 workers losing their jobs. Two years later, around the time of the dissolution of the National Assembly

(parliament), what is now described as a misguided attempt to organise workers into a political force was quashed and those considered responsible were imprisoned.

A delegation from the International Federation of Arab Trade Unions, led by Mr. Hameed Jalloud, the federation's Libyan secretary-general, visited Bahrain recently for an exchange of views on labour policy, and in a joint declaration with the Ministry of Labour and Social Affairs congratulated the Bahrain Government on having released several detained Unionists.

The delegation expressed the hope that other imprisoned unionists would be set free, to improve the climate of co-operation. Government officials confirmed that one or two detainees were still being held, although "more than three" had been released after three years in prison.

In the past, the International Federation of Arab Trade Unions refused to recognise any labour association in Bahrain, except under the terms of a fully-fledged union law. The federation now seems willing to compromise on a step-by-step approach.

The preconditions for introducing a union law by the mid-1980s, or possibly sooner, have been clearly stated. They are the emergence of a responsible leadership and the absence of political affiliations. It

remains to be seen whether a labour organisation, as a significant pressure group seeking popular support, can divorce itself entirely from politics.

A labour services council has been set up to promote workers' education as well as care and welfare. The labour law makes no discrimination between workers, but the care and welfare services obviously aim to take care of housing, catering, health and recreation for migrant workers.

Workers' representatives on the consultative committees are to form an advisory body known as the Interim Labour Committee, which is entitled to be consulted on draft legislation and on matters affecting workers' right and conditions.

They may also submit proposals on minimum wages, based on cost-of-living studies and on the correlation between wages and productivity.

Sheikh Isa bin-Muhammed Al-Khalifa, the Labour and Social Affairs Minister, told the Financial Times: "The mistake in 1975 was in mixing labour activities with politics. The climate has now changed. We have a good labour law and a good social security law, and we are being very careful to move gradually. He said workers' leaders would be assured of the protection of the courts, provided they respected trade union legislation and the provisions of the criminal code.

## BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED 31 MARCH 1980

### CONSOLIDATED PROFIT

The unaudited consolidated results of Barlow Rand Limited and its subsidiaries for the six months ended 31 March 1980, together with the results for the same period last year and the audited results for the year ended 30 September 1979 are:

	Six months ended 31 March 1980	1979	Percentage increase	Year ended 30 Sept. 1979
Turnover	\$37,702	\$35,102	46%	\$60,959
Group operating profit	107,787	69,236		160,236
Income from investments	9,680	4,843		13,680
Profit on sale of shares less amounts written off	628	—		404
Group profit before taxation	118,095	74,079	59%	174,298
Taxation	39,651	29,654		63,050
Group profit after taxation	78,444	44,425	77%	111,248
Attributable to:				
—outside shareholders in subsidiaries	27,571	14,739		34,812
—6% preference shareholders in Barlow Rand Limited	12	12		24
—ordinary shareholders in Barlow Rand Limited	50,861	29,674	71%	76,412
Number of ordinary shares upon which earnings per share is based (000s)	122,155	115,510*		116,641*
Earnings per ordinary share	41.63p	25.68p	62%	65.49p
Dividends per ordinary share	9.94p	6.63p	50%	20.98p

NOTE: The Rand has been converted to Sterling at 1R = £0.55218 and this rate of exchange has also been used for comparative figures.

\* Includes preferred ordinary shares.

### RESULTS, TRADING CONDITIONS AND PROSPECTS

FOR THE YEAR ENDING 30 SEPTEMBER 1980

In general, the growth in profits and earnings per share reflect the improved performance of the South African economy. Earnings benefited further by a reduction in the effective rate of taxation arising from higher dividend income and through greater utilisation of taxation allowances on new plant and machinery.

A strong domestic market for stainless steel and sustained export demand for ferrochrome resulted in Middelburg Steel and Alloys earning higher profits. The mining division benefited from increased coal revenues. The improvement in consumer demand and the strong recovery in the construction and building industries resulted in higher turnovers and profits in the cement and Hma, building materials and steel distribution, paint and packaging divisions. The household appliances and electronics divisions earned increased profits from household appliances but these were offset by lower profits in electronics. The profits of C. G. Smith & Co. Ltd. were consolidated with effect from 1st January 1980. All the companies in the C. G. Smith Group have performed well and their results have come up to expectations.

Income from investments rose sharply due to increased dividends from gold mining investments.

While the economic of South Africa's major trading partners are entering a period of recession, it is unlikely that this will impact seriously on the South African economy this year other than to slow down growth of exports. With the large balance of payments surplus on current account likely to continue the South African economy should remain strong for the remainder of this year. As a result, the group's earnings will show a substantial improvement over 1979 although the rate of increase in earnings recorded during the first six months is unlikely to be maintained.

### DIVIDENDS

A preference dividend of 6 per cent for the half year ended 31 March 1980 was declared on 14 March 1980, payable on 30 April 1980.

An interim ordinary dividend of 18.0 cents per share has been declared and a formal notice of this declaration is published herewith. For the half year ended 31 March 1979 an interim ordinary dividend of 12.0 cents per share and a preferred ordinary dividend of 18.0 cents per share were declared.

For and on behalf of the Board

A. M. RÖSHOLT (Executive Chairman)  
G. W. DUNNINGHAM (Vice Chairman)

9 May 1980

### ORDINARY DIVIDEND NO. 101

Notice is hereby given that a dividend of 18.0 cents per share has been declared as an interim dividend payable to shareholders registered in the ordinary share register of the company at the close of business on 30 May 1980.

The transfer books and registers of ordinary members of the company in South Africa and the United Kingdom will be closed from 31 May to 6 June 1980, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted to shareholders on or about 18 July 1980.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for the payment of dividends from the United Kingdom share transfer office will be the telegraphic transfer rates of exchange between South Africa and the United Kingdom ruling on the first business day after 27 June 1980.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholder's tax has been imposed on dividends payable to:

- (a) Persons other than companies, not ordinarily resident nor carrying on business in South Africa, and
- (b) Companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa at the rate of 14.0706 per cent.

By order of the Board

W. C. WARRINER  
Group Secretary

Registered Office:  
Barlow Rand  
Katherine Street,  
Sandton  
2196 - South Africa  
(P.O. Box 78-2248  
Sandton  
2146 - South Africa)

Transfer Secretaries:  
Rand Registrars Limited,  
2nd Floor, Caronshire House,  
49 Johannesburg Street,  
Johannesburg,  
2001 - South Africa  
(P.O. Box 31719  
Braamfontein,  
2017 - South Africa)

United Kingdom Registrars:  
Lloyds Bank Limited,  
Registrars Department,  
The Casework,  
Goring-by-Sea,  
Worthing,  
West Sussex BN12 6DA,  
England.

## Confident outlook for the 1980's after a decade of achievement.

Points from the Statement by J. P. Du Cane, Chairman, Selection Trust Limited

During the past decade assets have more than doubled and gross income has risen five-fold.

The Group's vigorous exploration policy, continued throughout the 1970's, has been rewarded with the discovery of six mines.

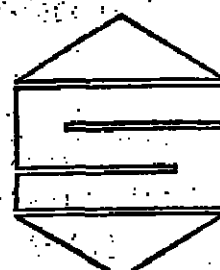
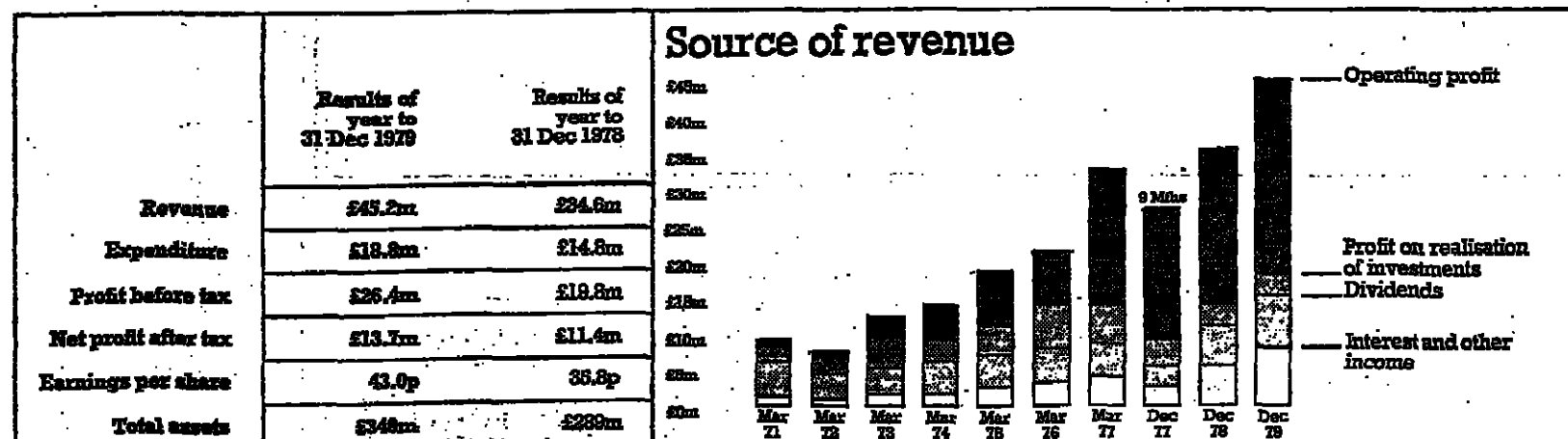
The acquisition programme was successful in providing sources of income during the years required to bring mining projects to production. The UK acquisitions have continued to grow and expand their activities and now form an important base in the UK.

During the 1970's we developed what was for us a totally new area of business: energy and energy-related activities. We have every intention of expanding this area of business as our knowledge and confidence increase.

Our immediate requirement is to find the next generation of mines, our search concentrating on high-grade base metal deposits as well as precious metals and diamonds.

1979 has been a year of further growth in earnings and assets, which should continue in 1980 with a full year of operations at Agnew, increased flow of dividends from Amax and Unisel, and development of Teutonic Bore, Selbaie and Alligator Ridge prior to their anticipated start of commercial production during 1981.

Our new mining projects will not only lead to a major change in the Group's earnings but will lay an increasingly strong foundation for their further development and our ability to undertake other mining ventures.



## SELECTION TRUST

The Annual General Meeting will be held on 29 May 1980. Copies of the full statement and annual report and accounts may be obtained from The Secretary, Selection Trust Limited, Selection Trust Building, Mascons Avenue, London EC2V 8BU.









# PEERLESS LIMITED



## Offer for Sale by

## Singer & Friedlander Limited

of  
3,181,800 Ordinary Shares of 25p each at 100p per share,  
payable in full on application

The Application List for the Ordinary Shares now offered for sale will open at 10.00 a.m. on Thursday, 15th May 1980.

Copies of this Offer for Sale, having attached thereto the documents specified below have been delivered to the Registrar of Companies for registration.

Application has been made to the Council of the Stock Exchange for the whole of the issued Ordinary Share Capital of Peerless Limited ("the Company") to be admitted to the Official List.

This Offer for Sale includes particulars given in compliance with the Regulations of the Council of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

The shares now offered rank in full for all dividends hereafter declared or paid on the Ordinary Share Capital of the Company.

Authorised	Share Capital	Issued and fully paid
£4,000,000	in 16,000,000 Ordinary Shares of 25p each	£3,229,300

**Indebtedness**  
At the close of business on 18th April 1980, the Company and its subsidiaries ("the Group") had outstanding acceptance credits of £500,000, medium term secured bank loans of £1,347,090, secured bank overdrafts of £2,032,502, hire purchase commitments of £63,970. Save as disclosed herein and apart from inter company borrowings and guarantees within the Group neither the Company nor any of its subsidiaries had outstanding at that date any loan capital or loan capital created but unissued, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

**DIRECTORS**  
WILLIAM STANLEY JORDAN (Chairman)  
Priory Road, Aston, Birmingham, B6 7LF  
ALAN GORDON JONES C.ENG., M.L.MECH.E.  
(Joint managing director)  
Priory Road, Aston, Birmingham, B6 7LF  
CHARLES MATTHEW JORDAN (Joint managing director)  
Priory Road, Aston, Birmingham, B6 7LF  
IVOR TAYLOR, F.C.A., F.C.M.A., J.Dip. M.A.  
Priory Road, Aston, Birmingham, B6 7LF  
JOHN MALCOLM WARDLE (Non-Executive)  
Rutland House, Edmund Street, Birmingham, B3 2RJ  
**SECRETARY AND REGISTERED OFFICE**  
IVOR TAYLOR, F.C.A., F.C.M.A., J.Dip. M.A.  
Priory Road, Aston, Birmingham, B6 7LF

**REPORTING ACCOUNTANTS**  
TOUCHER ROSS & CO., Chartered Accountants  
Hill House, 1 Little New St., London, EC4A 3TR  
**AUDITORS**  
TOUCHE ROSS & CO., Chartered Accountants  
Kensington House, 136 Suffolk Street Queensway,  
Birmingham, B1 1LL  
**BANKERS**  
MIDLAND BANK LIMITED,  
168-170 New Street, Birmingham, B1 8NP  
BARCLAYS BANK LIMITED,  
P.O. Box 48, 28 George Street, Luton, LU1 2AE  
and at  
16 High Street, Hatfield, Herts, AL5 2TD  
LLOYDS BANK LIMITED,  
28/30 Newtown Shopping Centre, Birmingham, B15 2SE

**RECEIVING BANKERS**  
SINGER & FRIEDLANDER LIMITED  
20 Cannon Street, London, EC4M 6XE  
**BROKERS**  
HOARE GOVETT LIMITED  
Heron House, 319-325 High Holborn, London, WC1V 7PB  
and at  
27 Throgmorton Street, London, EC2N 2AN  
MURRAY & CO.  
Beaufort House, 94-96 Newhall Street,  
Birmingham, B31 1PE

**SOLICITORS TO THE COMPANY**  
EDGE & ELLISON, HATWELL PRITCHETT & CO.  
Rutland House, 148 Edmund Street, Birmingham, B3 2JR  
**TO SINGER & FRIEDLANDER LIMITED**  
PINSENT & CO.  
Post and Mail House, 26 Colmore Circus,  
Birmingham, B4 6BH  
**REGISTRARS AND TRANSFER OFFICE**  
MIDLAND BANK LIMITED,  
Registrars Dept., Courtwood House,  
Silver Street Head, Sheffield, S1 3RD  
**PROPERTY VALUERS**  
GRIMLEY & SON  
2 St. Philip's Place, Birmingham, B3 2QQ  
EDWARDS, BIGWOOD & BEVLAY  
78 Colmore Row, Birmingham, B3 2HG

**HISTORY**  
The Company was incorporated in England on 2nd March 1920 as Peerless Stampings Limited. The Chairman and the Joint Managing Directors are sons of the founder directors, Messrs. W. P. Jones and W. D. Jordan.  
The principal business of the Company was the manufacture of hot brass stampings and machine parts for use in the building, plumbing and gas industries. During the last ten years, its activities have been substantially extended and diversified so that in the nine months to 31st December 1979 the original business accounted for less than 15% of profits. The trading undertaking and assets of the Company was transferred to a subsidiary on 23rd April 1980, and the Company now acts as a holding company for the Group.

**SUMMARY OF BUSINESS**  
The Group's activities now cover the manufacture and merchandising of a wide range of products, primarily for the consumer market, including plastic containers, controls for domestic central heating systems, electronic test meters, brass and plastic water fittings, 'self assembly' kitchen cabinets and brass and aluminium castings and pressings.  
In their expansion strategy, the Directors have sought to strengthen the Group's position in the markets it serves, by broadening the range of manufacturing capabilities and by acquiring or developing within the Group significant outside interests in the manufacture of brass and plastic water fittings, stamped components with brass-based products, the Group into aluminium foundries and into the manufacture of injection moulded plastic, which in its turn resulted in the Group developing similar capability in blow moulded plastics. The acquisition of a major customer for injection moulded products took the Group into electrochemical engineering. The manufacturing of brass and plastic water fittings stemmed from the wish to expand the sales of the metal and plastic manufactured products. Many of the water fittings sold by the Group are used in domestic kitchens and thus fitted kitchen cabinets were seen as a complementary product for the Group to manufacture and market. The Directors are constantly considering the possibilities of further acquisitions and new developments and regard their ability to make successful acquisitions as one of the factors behind the growth of the Group.  
For the purposes of this prospectus, the activities of the various operating subsidiaries have been classified into four main divisions: Plastics, Electrochemical and Electronics, Water Fittings and Kitchen Furniture and Metals. In fact, the Group operates on a completely decentralised basis through individual subsidiaries whose Chief Executives are directly responsible to the Chairman or one of the two Joint Managing Directors of the Company. There is thus a direct and personal relationship between the Board of the Company and the Chief Executives of the various subsidiaries, who are allowed substantial autonomy within the constraints of a 'joint budget' system, closely monitored by the Directors of the Company. The ability of individual companies to meet budgets and maintain a satisfactory return on investment is a factor in determining whether capital expenditure requests are sanctioned by the Board and which individual companies in the Group receive the greatest emphasis in the longer term plans for expansion of the Group.  
As a result of the way in which the Group has developed, there is a substantial degree of inter-trading between Group companies. The electrochemical and electronics divisions provide a substantial outlet for the products of the Plastics division and the Water Fittings and Kitchen Furniture division similarly provides outlets for the Plastics and Metals divisions thus providing longer production runs which help to stabilise the earnings of the manufacturing companies.  
Up until now only a very small portion of the Group's turnover has been exported, but this could rise as a result of new electronic and plastic products being developed together with increased exports by the Aluminium part of the Metals division.  
The following table illustrates the growth of the main activities of the Group and the relative profit contribution of each of these activities in the last three financial periods for which audited accounts are available. The turnover for each division includes sales to external customers and to other divisions within the Group. The sales between divisions are shown as 'inter-group' deductions arising at the Group turnover in external customers.

	Turnover		9 months to		Profit	
	Years to 31st March	31st December	Years to 31st March	31st December	Years to 31st March	31st December
	1978	1979	1978	1979	1978	1979
Plastics	£2000	£2000	£2000	£2000	£2000	£2000
Electrochemical & Electronics	3,967	4,979	4,760	520	976	1,105
Water Fittings & Kitchen Furniture	2,572	4,815	3,514	161	436	686
Metals	5,671	3,022	6,730	627	1,701	768
Inter-group	10,079	11,599	9,532	942	1,304	1,122
	42,029	42,473	41,739	—	—	—
	20,263	26,940	22,817	2,250	3,837	3,681
Less:						
Property associate company	—	—	—	(22)	—	(57)
Unallocated Central Overheads	—	—	(203)	(307)	—	(426)
Interest paid less received	—	—	(136)	(230)	—	(234)
Group Profit from continuing operations before taxation and extraordinary items	—	—	1,911	3,277	—	2,970

**MANAGEMENT AND EMPLOYEES**  
Directors of the Company  
William Stanley Jordan  
Mr. Jordan is aged 56 and is chairman of the Company. He has spent all of his working life with the Company and was first appointed as a director on 23rd January 1971 becoming chairman on 1st October 1973 following the retirement of Mr. E. L. Jones. He is primarily responsible to the Board for the operation of the Electrochemical and Electronics Divisions, and the Aluminium part of the Metals Division.  
Alan Gordon Jones  
Mr. Jones is aged 54 and is the brother of the former chairman. He has been with the Company for the majority of his working life. He was first appointed as a director on 23rd January 1971, and was appointed as joint managing director on 7th March 1973. He is also joint chairman of Engineering Concessions Limited, (E.C.L.).  
Charles Matthew Jordan  
Mr. Jordan is aged 54 and is the brother of Mr. W. S. Jordan. He has spent the whole of his working life in the service of the Company. He was first appointed as a director on 23rd January 1971, and was appointed joint managing director on 7th March 1973. He is responsible to the Board for the Brass operations of the Metals Division.  
Ivor Taylor  
Mr. Taylor is aged 52 and is Group Accountant and Company Secretary. He is a Chartered Accountant who spent 10 years in finance positions in industry before joining the Company in November 1973 as Group Accountant. He was appointed as a director on 21st April 1980.  
John Malcolm Wardle  
Mr. Wardle is 51. He is joint senior partner of the Company's solicitors. He has extensive experience as a company director and is currently chairman of four listed companies and a director of four other listed companies, in addition to the Company. He was appointed as a director on 17th April 1980.

**Divisional Chief Executives**  
Raymond George Cook  
Mr. Cook is aged 54 and was a founder director of E.C.L. which was acquired by the Company in 1964. He is joint chairman and chief executive of E.C.L. and is also responsible for the Glendale Furniture Company.  
Anthony Bailey Jones  
Mr. Jones is aged 47 and joined Barclay Stuart (Plastics) Limited ("Barclay Stuart") in 1972, and became managing director in 1974.  
Terence Mark Randall  
Mr. Randall is aged 51 and in 1960 founded Randall Electronics Limited ("Randall") which was bought by the Company in 1970. He is the chief executive of Randall and of Peerless Control Systems Limited ("Peerless Controls").  
Arthur Stokes  
Mr. Stokes is aged 54 and joined B.S.K. (Aluminium) Limited, ("B.S.K.") in 1959. He was appointed a director in 1968. It is his intention to retire within the next year but he will remain a consultant.  
Godfrey Mervyn Thompson  
Mr. Thompson is aged 48 and has been managing director of Peerless Plastics Limited, ("P.P.L.") since it was founded in 1973.  
Details of the other senior executives in the Group are shown in the sections dealing with the respective divisions.

**Employees**  
The Group has approximately 1,600 employees. Contributory pension schemes are in operation for all full-time employees over the age of 25, who have been with the Group for not less than 5 years. These provide benefits in accordance with good modern practice.

**DETAILS OF DIVISIONS**  
Plastics Division  
The principal subsidiaries and their chief executives are as follows:—  
Peerless Plastics Limited ("P.P.L.")  
Barclay Stuart (Plastics) Ltd. ("Barclay Stuart")  
Peerless Foam Moulding Co. Ltd. ("Foam Mouldings")  
P.P.L., which operates from modern freehold premises of approximately 37,900 sq. ft. in Tamworth can be divided into two sections.  
The original business, which now accounts for approximately 30% of the company's turnover, is the manufacture of trade mouldings for the plumbing, domestic appliance and electrical and other industries. Approximately 70% of this turnover goes to other group companies, mainly water fittings for E.C.L. and technical mouldings for Randall.  
The other section of P.P.L. is the manufacture of square and rectangular injection moulded plastic containers for the tea-cup and other food industries; these are for major customers out of a total of approximately eighty.  
Over the last few years, P.P.L. has invested heavily in fully automatic machinery and the equipment used for the moulded containers is in use for 120 tons per week and is the most advanced of its type in use in this country. P.P.L. is a specialist in the production of high quality products at very competitive prices. Because of the rapid growth of this company it has been necessary to expand the premises at Tamworth and a new freehold factory of approximately 32,900 sq. ft. is in the course of construction and should be operational in the Spring of 1981.  
Barclay Stuart, which operates from freehold premises of 42,500 sq. ft. in Luton, manufactures and sells round bowl and injection moulded plastic containers for the packaging of products such as adhesives, chemicals, domestic food products and other liquids. This process is based on a sophisticated microprocessor controlled multi-stage press. In comparison with other forms of plastic moulding, foam thermo-plastic offers greater precision in larger products and the ability to mould thick sections of material. The process is particularly suitable for the cabinets of computer auxiliary equipment, for doors and panels for the furniture industry and for leisure products such as components for boats.  
Foam Mouldings is only just commencing production and will make start-up losses, but the Directors of the Company are optimistic about its future prospects. The Joint Managing Directors are Mr. N. Whiteley, aged 49, also Works Director of P.P.L. and Mr. S. A. Jordan aged 28.  
A. C. Estop & Co. Limited ("Estop") was acquired on 31st August 1979. Estop was a partnership until 1st October 1979 when it became a limited company with a limited number of shareholders. It was founded at Stroud as a manufacturer of blow and moulded vials and containers for the toiletries industry. The division has a total of approximately 385 employees.

**Electrochemical and Electronics Division**  
The two companies in this division are Randall Electronics Limited ("Randall") and Peerless Control Systems Limited ("Peerless Controls"). The Managing Director of both is Mr. T. M. Randall.  
Randall's principal product is a range of time controls for domestic central heating systems, for which Randall estimates it has about half the total United Kingdom market. Approximately half of the houses and flats in the United Kingdom are still without central heating and because of this and the need to modernise old central heating systems, Randall considers that the market for this product is little affected by variations in housing starts each year.  
Randall's other main product is an electronic test meter, which has now been fitted to approximately 30% of London taxi cabs, and Randall believes there is potential for future sales outside London and also abroad. Profit margins on this product are at the moment small, but discussions are in progress with the sole distributor with a view to negotiating selling prices.  
Randall plans to use the electronics expertise it has gained in developing the test meter to produce an electronic version of the central heating time switch, which will offer substantial advantages over the present electro-mechanical product. The first model is expected to be available in 1981. Sales of time switches are through Randall's own salesforce and local agents, mainly to builders, merchants and original equipment manufacturers.  
Randall occupies freehold premises of 54,400 sq. ft. at Bedford. Its activities are the assembly of bought-out components—mainly from the United States—supplied by P.P.L. Great importance is attached to design, development and testing of all Randall products.  
In addition to Mr. Randall, senior management consists of:—  
Mr. H. Cook, aged 33, Technical Director—in charge of design, development and testing; Mr. A. King, aged 42, Sales Director; Mr. M. Perry, aged 38, Works Director; and Mr. G. Briggs, aged 32, Financial Controller.  
Mr. Randall also has overall responsibility for a fellow subsidiary, Peerless Controls. This company, whose Executive Director is Mr. M. Closser, aged 33, was formed to develop new products for this division. Three products are currently being developed:—  
(a) a sophisticated computer based system for the non-destructive testing of metals, involving the use of X-rays;  
(b) a variable speed drive for use with AC motors;  
(c) an irrigation control using microprocessor technology.  
All these products are still in the course of development but it is hoped that they will make a useful and growing contribution to the Electrochemical and Electronics Divisions in the future.  
Peerless Controls occupies leasehold premises of 5,200 sq. ft. at Milton Keynes.  
The division has a total of approximately 230 employees.

**Water Fittings and Kitchen Furniture Division**  
The principal company in this division is Engineering Concessions Limited ("E.C.L."), whose Chief Executive is Mr. R. G. Cook.  
E.C.L., which operates from modern freehold premises of approximately 54,000 sq. ft. on an industrial trading estate at Sandycroft, near Chester, assembles and markets brass and plastic waste units for sinks, basins and baths, many of which are bought from other Group companies. It also sells a wide range of products in taps and household fittings.  
E.C.L. also operates a business known as Glendale Furniture Company ("Glendale") from modern freehold premises of approximately 126,000 sq. ft. also at Sandycroft. It manufactures and sells the "Glendale" range of self-assembly kitchen furniture. Sales of Glendale furniture are made through Group owned leasehold shops in Glasgow and Gatwick and through exclusive agents in Birmingham, Bristol, Leeds, East Anglia and Ireland. E.C.L. products are also sold through these agents and agents and in addition the company employs ten salesmen who sell to builders, merchants and the plumbing trade.  
The Glendale factory is equipped with modern automatic cutting, shaping and handling machinery.  
Peerless Homecare Limited is a wholly owned subsidiary of E.C.L. which plans to sell a range of bathrooms, kitchen and bedroom furniture from its own leasehold premises throughout the country, the first of which was opened in Derby in December 1979. Further premises have recently been opened in Newcastle-under-Lyme, and four other sites are under consideration. The Managing Director, Mr. John Lewis, aged 34, has had 12 years' experience in the home improvement industry. E.C.L. has offered to sell to Mr. Lewis 10% of the capital of Peerless Homecare Limited, on terms to be agreed.  
In addition to Mr. Cook, senior management consists of Mr. D. Wilson, aged 53, Managing Director of E.C.L., Mr. A. Garvey, aged 44, Sales Director of Glendale, Mr. P. V. Edwards, aged 37, Southern Region sales director and Mr. G. Wilson, aged 42, the divisional accountant. The division has approximately 235 employees.  
On 7th May 1980 the Group acquired the share capital of John Dewhurst (Plumbing and Heating Products) Limited ("Dewhurst"), a company operating from Manchester which is complementary to the distribution activities of E.C.L. Further details of Dewhurst are given in Appendix II.

Aubit Plastics Limited ("Aubit") was acquired in April 1979. Aubit plates plastic sink waste units mainly for E.C.L. and it operates in Lancashire and in Shropshire.  
Management of the division is optimistic about future growth and in particular believes the new retail outlets have a good potential. The division has ample room for expansion on its Sandycroft site.  
The division has approximately 250 employees.

**Metals Division**  
The division is engaged in the manufacture and sale of hot brass and aluminium pressings, aluminium gravity and pressure diecastings, gas fittings and contract tool making.

**Brass Division**  
The principal operating companies are as follows:—  
Peerless Stampings Limited ("Stampings")  
Recco (Engineering) Limited ("Recco")  
Recco (Clips & Pressings) Limited ("Recco")  
Bowden Bros. & Co. (Manchester) Limited ("Bowden")  
Stranger Bros. & Mott Limited ("Strangers")  
Outward Tools Limited ("Outward")  
Stampings is based at Birmingham and specialises in the manufacture of hot brass and aluminium pressings, including some machining. Mr. C. A. Jordan, aged 32, is the senior executive and joined Stampings in 1970. The factory comprises some 50,000 sq. ft., which includes a new automatic stamping and machining department. Of the turnover, 40% goes to Group companies, the balance going to the building, gas and fancy goods industries. Management includes Mr. P. F. Umbers, aged 36, works manager, and Mr. S. R. Edwards, aged 27, the company accountant for Stampings and Outward.  
Recco produces cast metal billets for Stampings. Mr. A. C. Beard, aged 52, is works director.  
Recco, which is based at Witney near Oxford, specialises in the manufacture of hot brass pressings, brass pressure diecastings, and pipe clips for the building, plumbing and general industries. A third of its turnover goes to other Group companies. Mr. C. M. Jordan is at present managing director of Recco, but a new managing director is being recruited. Mrs. V. M. McDonnell, aged 44, is commercial director.  
Bowdens, whose managing director is Mr. E. B. Hoey, aged 60, operates from Manchester and Stockport, and is engaged in the manufacture of a range of gas fittings for British Gas. E.C.L. and Dewhurst are taking an increasing amount of its output.  
Strangers is based in Birmingham and provides specialist high precision machining and assembly for Group companies as well as selling fittings to the gas and domestic appliance industries. Sales to Group companies represent 50% of turnover. Senior management includes Mr. J. V. Knight, deputy managing director, aged 42.  
Outward whose managing director is Mr. L. Goulding, aged 54, is also based in Birmingham and manufactures dies and tools for group and external customers.  
The Brass division is currently showing a drop in orders, largely due to a decline in the gas industry.

**Aluminium Division**  
This division operates through B.S.K. (Aluminium) Limited ("BSK") from premises in Birmingham and Landloes, Powys, and manufactures aluminium gravity and pressure diecastings such as transmission cases, third drive motors, cylinder heads and door covers. A major part of sales goes to B.L. Limited of which half is accounted for by Land Rover. However, the company is optimistic about sales to other car companies and significant sales are now being made to Europe and the United States of America. In addition to Mr. Stokes, senior management consists of Mr. J. Bonar, aged 44 who is the managing director, Mr. P. Radcliffe, aged 33 who is assistant managing director, and Mr. A. Bennett, aged 49, the financial accountant.  
BSK also owns 49.9% of Newpeer Aluminium Limited ("Newpeer") based in the Republic of Ireland, which was formed in conjunction with Newman-Tonks Limited to manufacture overhead door closers and aluminium diecastings and to produce and assemble a range of aluminium products and has now ceased to trade. Closure costs applicable to the Group have been written off.  
Profits for the year to 31st March 1980 were badly affected both by the engineering strike and by Newpeer. With these two behind them the directors are optimistic for the coming year.  
The Metals division employs approximately 745 employees.

**Associated Company**  
Peerless Creosote Limited ("P.C.") is a property investment and development company which is jointly owned in equal shares by the Company and by Creosote Limited, a company controlled by Mr. A. W. J. E. Jordan, managing director of P.C. Mr. Jordan is aged 57 and is the brother of Messrs. W. S. and C. M. Jordan. He was the founder and managing director of Ashworth & Stewart (Holdings) Limited, residential and commercial property developers, which became a public listed company in 1964 and which was bought by Maidenhead Industrial Investments Limited in 1972. Since that date Mr. A. W. J. E. Jordan has carried out property development through his own private company.  
The Board of the Company has decided that there will be no increase in the Group's financial commitment to P.C. With the agreement of Creosote Limited, the Board of the Company has also decided that, apart from Astor House, the properties of P.C. will be realised as set out below.  
The properties owned by P.C. are:—  
1. Astor House, 27-29, 31-33, 35-37, 39-41, 43-45, 47-49, 51-53, 55-57, 59-61, 63-65, 67-69, 71-73, 75-77, 79-81, 83-85, 87-89, 91-93, 95-97, 99-101, 103-105, 107-109, 111-113, 115-117, 119-121, 123-125, 127-129, 131-133, 135-137, 139-141, 143-145, 147-149, 151-153, 155-157, 159-161, 163-165, 167-169, 171-173, 175-177, 179-181, 183-185, 187-189, 191-193, 195-197, 199-201, 203-205, 207-209, 211-213, 215-217, 219-221, 223-225, 227-229, 231-233, 235-237, 239-241, 243-245, 247-249, 251-253, 255-257, 259-261, 263-265, 267-269, 271-273, 275-277, 279-281, 283-285, 287-289, 291-293, 295-297, 299-301, 303-305, 307-309, 311-313, 315-317, 319-321, 323-325, 327-329, 331-333, 335-337, 339-341, 343-345, 347-349, 351-353, 355-357, 359-361, 363-365, 367-369, 371-373, 375-377, 379-381, 383-385, 387-389, 391-393, 395-397, 399-401, 403-405, 407-409, 411-413, 415-417, 419-421, 423-425, 427-429, 431-433, 435-437, 439-441, 443-445, 447-449, 451-453, 455-457, 459-461, 463-465, 467-469, 471-473, 475-477, 479-481, 483-485, 487-489, 491-493, 495-497, 499-501, 503-505, 507-509, 511-513, 515-517, 519-521, 523-525, 527-529, 531-533, 535-537, 539-541, 543-545, 547-549, 551-553, 555-557, 559-561, 563-565, 567-569, 571-573, 575-577, 579-581, 583-585, 587-589, 591-593, 595-597, 599-601, 603-605, 607-609, 611-613, 615-617, 619-621, 623-625, 627-629, 631-633, 635-637, 639-641, 643-645, 647-649, 651-653, 655-657, 659-661, 663-665, 667-669, 671-673, 675-677, 679-681, 683-685, 687-689, 691-693, 695-697, 699-701, 703-705, 707-709, 711-713, 715-717, 719-721, 723-725, 727-729, 731-733, 735-737, 739-741, 743-745, 747-749, 751-753, 755-757, 759-761, 763-765, 767-769, 771-773, 775-777, 779-781, 783-785, 787-789, 791-793, 795-797, 799-801, 803-805, 807-809, 811-813, 815-817, 819-821, 823-825, 827-829, 831-833, 835-837, 839-841, 843-845, 847-849, 851-853, 855-857, 859-861, 863-865, 867-869, 871-873, 875-877, 879-881, 883-885, 887-889, 891-893, 895-897, 899-901, 903-905, 907-909, 911-913, 915-917, 919-921, 923-925, 927-929, 931-933, 935-937, 939-941, 943-945, 947-949, 951-953, 955-957, 959-961, 963-965, 967-969, 971-973, 975-977, 979-981, 983-985, 987-989, 991-993, 995-997, 999-1001, 1003-1005, 1007-1009, 1011-1013, 1015-1017, 1019-1021, 1023-1025, 1027-1029, 1031-1033, 1035-1037, 1039-1041, 1043-1045, 1047-1049, 1051-1053, 1055-1057, 1059-1061, 1063-1065, 1067-1069, 1071-1073, 1075-1077, 1079-1081, 1083-1085, 1087-1089, 1091-1093, 1095-1097, 1099-1101, 1103-1105, 1107-1109, 1111-1113, 1115-1117, 1119-1121, 1123-1125, 1127-1129, 1131-1133, 1135-1137, 1139-1141, 1143-1145, 1147-1149, 1151-1153, 1155-1157, 1159-1161, 1163-1165, 1167-1169, 1171-1173, 1175-1177, 1179-1181, 1183-1185, 1187-1189, 1191-1193, 1195-1197, 1199-1201, 1203-1205, 1207-1209, 1211-1213, 1215-1217, 1219-1221, 1223-1225, 1227-1229, 1231-1233, 1235-1237, 1239-1241, 1243-1245, 1247-1249, 1251-1253, 1255-1257, 1259-1261, 1263-1265, 1267-1269, 1271-1273, 1275-1277, 1279-1281, 1283-1285, 1287-1289, 1291-1293, 1295-1297, 1299-1301, 1303-1305, 1307-1309, 1311-1313, 1315-1317, 1319-1321, 1323-1325, 1327-1329, 1331-1333, 1335-1337, 1339-1341, 1343-1345, 1347-1349, 1351-1353, 1355-1357, 1359-1361, 1363-1365, 1367-1369, 1371-1373, 1375-1377, 1379-1381, 1383-1385, 1387-1389, 1391-1393, 1395-1397, 1399-1401, 1403-1405, 1407-1409, 1411-1413, 1415-1417, 1419-1421, 1423-1425, 1427-1429, 1431-1433, 1435-1437, 1439-1441, 1443-1445, 1447-1449, 1451-1453, 1455-1457, 1459-1461, 1463-1465, 1467-1469, 1471-1473, 1475-1477, 1479-1481, 1483-1485, 1487-1489, 1491-1493, 1495-1497, 1499-1501, 1503-1505, 1507-1509, 1511-1513, 1515-1517, 1519-1521, 1523-1525, 1527-1529, 1531-1533, 1535-1537, 1539-1541, 1543-1545, 1547-1549, 1551-1553, 1555-1557, 1559-1561, 1563-1565, 1567-1569, 1571-1573, 1575-1577, 1579-1581, 1583-1585, 1587-1589, 1591-1593, 1595-1597, 1599-1601, 1603-1605, 1607-1609, 1611-1613, 1615-1617, 1619-1621, 1623-1625, 1627-1629, 1631-1633, 1635-1637, 1639-1641, 1643-1645, 1647-1649, 1651-1653, 1655-1657, 1659-1661, 1663-1665, 1667-1669, 1671-1673, 1675-1677, 1679-1681, 1683-1685, 1687-1689, 1691-1693, 1695-1697, 1699-1701, 1703-1705, 1707-1709, 1711-1713, 1715-1717, 1719-1721, 1723-1725,



## APPROPRIATION OF PROFITS AND OFFER FOR SALE STATISTICS

By way of illustration only, the following table sets out how a profit before taxation of £3,800,000 for the year ended 31st March 1980 would be appropriated:

(a) excluding the costs of the Offer for Sale, and (b) (i) assuming an expected charge for corporation tax at a rate of 31.5 per cent based on the assumption on which the profit forecast has been prepared and taking into account capital expenditure, and projected stock levels, and (ii) assuming a notional tax charge at a rate of 52 per cent.

	(i) Expected tax charge at a rate of 31.5 per cent	(ii) Notional tax charge at a rate of 52 per cent
Profit before taxation from continuing operations	3,800	3,800
Less: taxation	1,195	1,976
Profit after taxation	2,605	1,824
Less: Forecast annual dividends at 6.3p per share	814	814
Retained profit	1,791	1,010

Earnings per Ordinary share based on 12,917,200 issued shares  
Price earnings multiple at the Offer for Sale price of 100p per share  
Dividend yield based on annual dividends per Ordinary share of 6.3p  
(plus the related tax credit of 3.7p) which the Directors would have expected to recommend if the share capital of the Company had been listed for the whole of the year  
Dividend cover based on dividends per Ordinary share of 6.3p (net of related tax credit at 3.7p)  
At the Offer for Sale price of 100p per Ordinary share, the Company is capitalised at £12,917,200.

## CURRENT COST ACCOUNTING

The Company has not as part of its normal management routines to date produced regular accounting information adjusted for inflation. Now that an accounting standard has been issued the Directors have decided to ensure that arrangements are made to enable the Company to comply with the requirements of Statements of Standard Accounting Practice 16 and issue current cost accounts as part of their Report and Accounts for the year to 31st March 1981. The Board of Directors have considered for the purpose of the Offer for Sale the effects of the requirements of the accounting standard on the forecast profits of £3,800,000 for the year to 31st March 1980 and are of the opinion that the proposed annual dividends of £814,000 set out above would be covered.

## PROSPECTS

**Short-term**  
Most of the Group's activities by their nature, have relatively short order books and although the Group's record of meeting its profit budgets is good, it is impossible at this early stage for the Directors to make a formal forecast of profits for the year to 31st March 1981. However, subject to unforeseen circumstances, prospects for all divisions, with the exception of the brass components activities, are encouraging.

## Longer-term

The Directors attribute the Group's successful profit record to their policies of:

- Appointing competent chief executives to the operating companies, giving them substantial responsibility and, if they are successful, rewarding them well;
- Investing heavily in modern premises and up-to-date labour-saving machinery; such expenditure over the period covered by the Accountants' report amounted to £10.7m;
- Close control of the Group's cash resources;
- Carefully controlled expansion into activities which integrate logically and in due course profitability into the Group's existing operations, both by way of internal development, and by acquisition.

The Directors intend to continue these policies and expect that, over a period, subject to unforeseen circumstances, they will lead to further growth of Group profits.

## WORKING CAPITAL

The Directors consider that, taking into account available bank facilities, the Group has adequate working capital for its foreseeable requirements.

## ACCOUNTANTS' REPORT

The following is a copy of a report received from Touche Ross & Co., Chartered Accountants, the Auditors of the Company and Reporting Accountants to the Directors of the Company and Singer & Friedlander Limited.

The Directors,  
Peerless Limited,  
Singer & Friedlander Limited

Hill House,  
1 Little New Street,  
London, EC4A 3TR,  
8th May 1980

Gentlemen,  
We have examined the audited accounts of Peerless Limited, formerly Peerless Stampings Limited, ("the Company") and of its subsidiaries for the five years and nine months ended 31st December 1979 ("the relevant accounting periods"). The Company and its subsidiaries are hereafter collectively referred to as "the Group".

Throughout the relevant accounting periods we have acted as auditors of the Company. Certain of the subsidiary and associated companies are not audited by us.

The information set out below is based on the audited accounts after making such adjustments as we consider appropriate. These accounts have been prepared under the historical cost convention, including the revaluation of certain assets, and in accordance with the standards approved by the accounting bodies.

In our opinion the information gives, on the accounting basis stated above, a true and fair view of the profits and source and application of funds of the Group for the five years and nine months ended 31st December 1979 and of the state of affairs of the Company and of the Group at 31st December 1979.

## 1 Accounting Policies

The following are the principal accounting policies adopted in arriving at the financial information set out in this report.

## (a) Consolidation

In March 1976 the Company acquired through an exchange of shares substantially all of the issued and fully paid shares of the subsidiary and associated companies not already owned by it. For the purposes of the consolidated accounts the acquisitions have been treated on a merger basis of accounting, and the operating results of the acquired companies are included in the profit and loss accounts as if the companies were subsidiaries throughout the relevant accounting periods commencing on 1st April 1974. A similar assumption has been made for the purposes of the statement of source and application of funds of the Group.

From March 1976 to 31st December 1979 other acquisitions of subsidiary companies were made for a total cash consideration of £648,000. In these instances, for the purposes of the consolidated accounts the operating results of the acquired companies have been included in the profit and loss accounts from the dates of acquisition. The excess of the cost of the shares over the net assets taken over at the date of acquisition (goodwill) has been charged to profit and loss in the period of acquisition as an extraordinary item.

The consolidated accounts include the Group's share of the losses of the associated company, Peerless Crease Limited, based upon the audited accounts for the periods reported upon. The accounting policy adopted for the other associated company, Newpeer (Aluminium) Limited ("Newpeer") is discussed in section 5 below. In the consolidated balance sheet at 31st December 1979 the investments in associated companies are shown at cost less the share of attributable losses arising since the acquisition of the investments. The excess of such losses over the investment is included in current liabilities.

In the Company's balance sheet at 31st December 1979, the investment in subsidiaries is shown at the book value of the underlying net tangible assets of the subsidiaries at 31st December 1979; the surplus arising on the revaluation has been taken to the non-distributable reserves of the Company.

Minority interests which are not material to the Group are not shown separately in the accounts.

## (b) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Unrealised profits included within the valuation of inventories manufactured by one Group company for another are eliminated.

## (c) Property, plant and equipment

Government grants receivable have been deducted from the cost of the relevant assets.

Fixed assets are depreciated as follows:-  
Freehold buildings .. 2% p.a. straight line on cost of 1976 valuation  
Leasehold property .. Over the term of the lease  
Plant and equipment .. 10% - 33 1/3% p.a. straight line  
Motor vehicles .. 25% p.a. reducing balance

Tools and dies which have short or uncertain productive lives, are written off in the period in which expenditure is incurred. Other tools are written off on a straight line basis at 33 1/3% p.a.

Following the revaluation of the freehold properties effective at 31st December 1979 the increase in depreciation would in a full year amount to £36,000, at 2% p.a.

## (d) Research and development, and repairs and renewals

Expenditure is written off in the period in which it is incurred.

## (e) Foreign Exchange

Liabilities of the Group denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the period ends. Exchange gains and losses are treated as normal items of the period's operations.

## (f) Deferred Taxation

In accordance with the requirements of Statement of Standard Accounting Practice Number 15, provision for deferred taxation based on the liability method is made for all differences arising from the recognition of income and expenditure in different periods for taxation purposes than for accounting purposes, except where it is anticipated at the accounting date that a liability will not arise in the foreseeable future.

## 2 Profit and Loss Accounts

	Years ended 31st March						9 months ended 31st December
	1975	1976	1977	1978	1979	1979	
	£'000	£'000	£'000	£'000	£'000	£'000	
CONTINUING OPERATIONS							
Sales .. .. .	(a) 11,475	12,541	16,356	20,263	26,940	22,817	
Cost of goods sold .. .. .	(b) 10,571	11,112	14,683	18,418	23,847	19,971	
Other income .. .. .	(c) 904	1,429	1,673	1,845	3,093	2,846	
Profit from operations .. .. .	992	1,505	1,760	1,911	3,300	3,021	
Share of losses of associated company .. .. .	—	—	—	—	(23)	(50)	
Profit before taxation from continuing operations .. .. .	992	1,505	1,760	1,911	3,277	2,970	
DISCONTINUED OPERATIONS (Section 3)							
Share of losses of associated company .. .. .	—	—	(51)	(88)	(146)	(83)	
Profit before taxation and extraordinary items .. .. .	992	1,505	1,709	1,823	3,131	2,887	
Taxation .. .. .	(224)	(172)	(386)	(44)	(44)	(1,090)	
Profit after taxation and before extraordinary items .. .. .	768	1,333	1,323	1,779	3,175	1,797	
Extraordinary items, after deduction of appropriate taxation .. .. .	(e) —	(106)	(10)	—	—	(216)	
Profit attributable to shareholders of the Company .. .. .	768	1,227	1,313	1,779	3,175	1,581	
Dividends .. .. .	(f) (59)	(114)	(106)	(112)	(184)	(129)	
Retained profit .. .. .	709	1,113	1,207	1,667	2,991	1,452	
Earnings per ordinary share .. .. .	5.9p	10.3p	10.2p	13.8p	24.6p	13.9p	

## Notes to profit and loss accounts

	Years ended 31st March						9 months ended 31st December
	1975	1976	1977	1978	1979	1979	
	£'000	£'000	£'000	£'000	£'000	£'000	
(b) Cost of goods sold includes:							
Depreciation of fixed assets .. .. .	359	426	634	699	980	856	
Hire of plant and machinery .. .. .	29	33	23	22	26	8	
Interest payable .. .. .	195	177	241	185	376	404	
Directors' emoluments .. .. .	94	104	136	144	201	167	
(c) Other income							
Bank interest and other miscellaneous income .. .. .	19	32	69	57	152	173	
Interest relief grants .. .. .	69	44	18	9	35	—	
	88	76	87	66	207	173	
(d) Taxation							
Current taxation charge/(credit) .. .. .	224	172	386	44	(44)	1,090	
Deferred taxation .. .. .	—	—	—	—	—	—	
The taxation charges on the profit are low due to the main to the availability of capital allowances and stock appreciation relief. The charge for deferred taxation, if full provision had been made would have been (see Accounting Policy (f)) .. .. .	79	554	526	937	1,804	612	
(e) Extraordinary items							
Loss on closure of Newpeer (Section 5) .. .. .	—	—	—	—	—	195	
Goodwill on acquisition in the periods .. .. .	—	78	—	—	—	81*	
Costs of abortive takeover .. .. .	—	28	10	—	—	—	
	—	106	10	—	—	276	

\* Goodwill written off in the nine month period to 31st December 1979 arose on the acquisition of A. C. Estop & Co Limited and Aubit Plastics Limited.

## (f) Dividends

	Year ended 31st March	Rate of dividend paid per share in pence	Number of shares on which dividend paid	Total amount of dividend paid	Number of shares on which dividend waived	Amount of dividend waived
		Interim	Final	£'000		£'000
1975	67-00	65-00	64,386	29*	—	—
1976	71-50	64-00	61,176	113*	3,410	4
1977	84-50	87-75	61,176	106	3,410	6
1978	87-75	94-75	61,176	112	3,410	6
1979	98-00	202-00	61,176	184	3,410	10
9 months ended 31st December	—	—	—	—	—	—
1979	200-00	—	64,386	129	—	—

\* Dividends in 1975 and 1976 include additional sums of £6,000 and £17,000 respectively paid to persons who were minority shareholders in subsidiaries prior to the acquisition by exchange of shares in March 1976.

(g) Earnings per share have been calculated throughout the period on 12,917,200 ordinary shares of 25p each after reflecting the subdivision and the capitalisation issues referred to in section 5 below, and on the consolidated profit of each period after taxation but before taking into account extraordinary items.

## 3 Balance Sheets at 31st December 1979

	Notes	The Group	The Company
		£'000	£'000
Property, plant and equipment .. .. .	(a)	14,828	14,308
Investments .. .. .	(b)	1,164	1,164
Interests in subsidiaries .. .. .	(c)	12,487	12,487
		22,095	22,095
Current assets			
Inventories .. .. .	(d)	6,108	541
Debtors .. .. .		8,050	933
Cash and bank balances .. .. .		13	—
		14,171	1,474
Current liabilities			
Creditors .. .. .		6,624	1,576
Taxation .. .. .		952	86
Portion of long and medium term loans due within one year .. .. .	(e)	227	26
Bank overdrafts (secured) .. .. .		3,506	638
Dividend .. .. .		129	129
		11,438	2,435
Net current assets/(liabilities) .. .. .		2,733	(981)
Other liabilities .. .. .		14,828	14,308
Long and medium term loans .. .. .	(e)	1,325	805
Net tangible assets .. .. .		13,503	13,503
Representing:			
Share capital .. .. .	(f)	13,438	13,438
Reserves .. .. .	(g)	13,503	13,503

## Notes to balance sheets at 31st December 1979

	Freehold	Plant and property equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
The Group				
At 1979 valuation (see below) .. .. .	6,285	—	—	6,285
Cost .. .. .	338	7,715	889	8,952
Depreciation .. .. .	—	(3,877)	(429)	(4,306)
Net book value .. .. .	6,623	3,838	470	10,931
The Company				
At 1979 valuation (see below) .. .. .	795	—	—	795
Cost .. .. .	—	1,352	202	1,554
Depreciation .. .. .	—	(618)	(93)	(711)
Net book value .. .. .	795	734	109	1,638

All freehold properties stated above at 1979 valuation were revalued by Messrs. Grimley & Son, Chartered Surveyors, at open market value for existing use on 31st December 1979. Certain freehold properties were previously valued in 1976. Included in freehold property is a property in the course of construction at a cost of £338,000 and a long leasehold property at valuation of £30,000.

## (g) Investments

	The Group	The Company
	£'000	£'000
Listed		
At cost .. .. .	18	18
Market value .. .. .	63	63
Unlisted		
Associated Companies		
Shares at cost .. .. .	51	1
Loans .. .. .	1,340	1,159
Shares of accumulated losses and surplus on revaluation of properties .. .. .	(577)	(14)
add: excess of accumulated losses over investment included in current liabilities .. .. .	—	—
	1,146	1,146
	1,164	1,164

## Associated companies are:

	Percentage of shares held	Country of incorporation
Newpeer Aluminium Limited	50%	Elze
Reformable cumulative preference shares .. .. .	Nil	—
Peerless Crease Limited	50%	England
Ordinary shares .. .. .	—	—
		£'000

	The Group	The Company
	£'000	£'000
(e) Interests in subsidiaries		
Shareholdings, at valuation .. .. .	12,487	12,487
Amounts due from subsidiaries .. .. .	1,861	1,861
Amounts due to subsidiaries .. .. .	(1,803)	(1,803)
	12,487	12,487

## (f) Inventories

	The Group	The Company
	£'000	£'000
Raw materials .. .. .	2,602	318
Work in progress .. .. .	836	171
Finished goods .. .. .	2,680	52
	6,108	541
	The Group	The Company
	£'000	£'000

## (g) Long and medium term loans

	The Group	The Company
	£'000	£'000
Loans secured by fixed and floating charges on the assets of the relevant companies repayable in:		
1980 .. .. .	181	26
1981 .. .. .	356	201
1982 .. .. .	181	26
1983 .. .. .	681	526
1984 .. .. .	56	26
1985 and later .. .. .	26	26
Hire purchase liabilities .. .. .	—	—
	1,532	831
Less proportion due in 1980 .. .. .	(227)	(26)
	1,325	805

Loans representing bank loans of £1,325,000 and a mortgage loan of £156,000 bear interest at varying rates of interest which are up to 12% above the published rates of certain UK banks. £675,000 of bank loans is secured by the assets of an associated company.

(f) Issued share capital  
64,386 ordinary shares of £1 each .. .. . 65 65

\*Before the subdivision and capitalisation issues referred to in section 5 below.

(a) Reserves—The Group	1,885	
Distributable		
At 1st April 1974 .. .. .	9,079	
Retained profits—1st April 1974 to 31st December 1979 .. .. .	11,034	
At 31st December 1979 (the Company £1,566,000) .. .. .	131	
Non-distributable		
At 1st April 1974 .. .. .	405	
Surplus on revaluation of properties in 1976 .. .. .	1,863	
Arising on acquisition of a subsidiary .. .. .	2,404	
At 31st December 1979 (the Company £11,872,000) .. .. .	13,438	
Total .. .. .	The Group	The Company
	£'000	£'000

(b) Deferred taxation		
As stated in Accounting Policy (f), full provision is not made for deferred taxation. Had the amount provided been provided in full by the Group at 31st December 1979 it would have been approximately as follows:		
Accelerated capital allowances .. .. .	3,100	390
Stock appreciation relief .. .. .	2,275	151
Other timing differences, including losses carried forward .. .. .	(241)	(17)
	5,134	528

In addition no provision has been made for the contingent tax liability of approximately £631,000 for the Group and £119,000 for the Company which would arise if the properties were sold at their revalued amounts.

						The Group	The Companies
						£'000	£'000
(i) Capital commitments at 31st December 1979							
Contracted for but not provided in accounts	..	..	..	..	..	843	1
Authorised but not contracted	..	..	..	..	..	492	7
						<u>1,335</u>	<u>8</u>







# WORLD STOCK MARKETS

1980		
High	Low	
24½	15	A
36	10	A
38	28½	A
41	28½	A
37½	31½	A
27½	22½	B
36½	22½	B
20½	8½	B
21½	17½	B
68½	33½	B
54	25	B
28½	22	B
11½	7	B
16½	11½	C
25½	17	C
24	16½	C
14	10½	C
23½	16½	C
35½	29½	C

Stock	May 9
Atlatl	18½
Can Eagle	10
Imco Alum.	87½
Imco Steel	28½
Bestos	54
Can Montreal	24½
Can Nova Scotia	25½
Basic Resources	12½
Can Canada	20½
Low Valley	40½
P Canada	38
Canascan A	24½
Princo	8
C. Forest	11½
Canadian Falyr	18½
Canflow Mines	17½
Can Cement	11½
Can NW Lands	19½
Can Packers	50½

1960		1961	
High	Low	High	Low
80	62.1	ACB	
86	65.3	AMB	
26	21.4	AKZ	
815	265.5	ADP	
103.6	82.5	AMT	
66	53.6	AMW	
836	135	bre	
103.3	79	50s	
64.2	62	Bue	
38.5	23	Cals	
239.2	801	Eisa	
141.5	115	Emm	
72.6	56	EUP	
58.9	28.1	Gist	
63.5	48.2	Held	
34.2	16.6	Hoo	
34	20	Hum	
29	20.3	Int	
76.5	59	KLM	
18.5	14	Naz	
120.7	100.9	Ned	
60.5	55	Ned	
244	191	Ned	
87.4	70	Ned	
100	100	Ned	

	Fts
Holding.....	72
Old.....	67 1/2
CO.....	24.2
.....	29.5
EV.....	96.2
.....	62.7
dero Cert.....	209
Kalla.....	89.5
Thrmann-Tet.....	61.5
and Hilda.....	85.5
wier.....	22 1/2
ia.....	132.3
o Com Tst.....	68.5
Brocades.....	28.8
nekan.....	59 1/2
govens.....	16.6
ter Douglas.....	20.80
Muller.....	28.3
.....	62.5
orden.....	14.7
Ned Cert.....	117.50
Cred Bank.....	60.50
Mid Bank.....	218.5
Lloyd.....	87.4
.....	116.5

High	Low
14.40	9.20 Cheung
2.78	1.84 Coom
11.00	8.60 Cross
7.10	4.83 Sartin
104.00	80.00 Wang
6.88	5.05 Hk Zi
80.00	58.00 HK Kk
13.24	9.24 HK Kk
15.00	11.30 HK Kk
29.36	21.74 HK Kk
9.95	6.70 Huteo
16.78	11.74 Jardi
8.20	1.10 Now
21.44	3.950 Kk
10.30	15.50 SHK K
5.10	6.90 Swiss
5.50	3.47 Wham
	4.30 Wham

**JAPAN**

1980

High	Low
------	-----

	Price Yen
ong Kong	18.00
o Prop.	2.00
Harbour	0.30
Asia Nav.	0.30
Song Bank	103
Electric	0.05
andoon Wh.	50
	10.00
Laughlin St.	13.50
Telephone	24.10
Union Wps.	0.50
and Math.	14.40
World Dev.	3.52
a Trust St.	0.50
Prop.	20.00
Pac A.	7.55
1st Ward A.	4.10
1st Ward A.	4.55

[illegible][illegible]

190.0	10.0	JO
246.6	196.5	AM
57.2	41.5	PAK
80.8	10.7	PH
33.5	27.1	RD
109.0	10.5	RO
157.5	14.5	RO
174.1	14.5	RO
191.2	90.3	SL
586.1	10.1	UN
87.5	6.9	VI
97.6	3.9	VF
94.6	7.5	VW
242.6	23.9	W

**ITALY**

1980		
High	Low	
7,226	8	AN
61,000	34,000	AS
13,550	10,761	Ban
799	51	B
9,650	6,000	Cent
1,125	4,332	CR
2,132	1,630	FIT
9	72	Fin
2,279	1,778	Ins
334	23	Ita
182	163,767	MI
2,168	1,463	OF
7,140	4,435	PR
2,542	466	Pirel
710	586	So
15	380	Sto
15,289	1,410	Sto
8,400	4,410	Do

**MONDAY**

May 9	Price Lire
Genoa	8,550
Com'l Gen.	51,610
Com'l Fin.	12,910
Genoa	815
Genoa	5,940
Genoa	1,830
Genoa	72,250
Genoa	15,150
Genoa	20,500
Genoa	314.5
Genoa	165
Genoa	8,050
Genoa	1,915
Genoa	648
Genoa	710
Genoa	15,555
Genoa	8,001

593	614 Almes
548	615 Almes
590	620 Asahi
560	480 Ergo
668	397 Canon
394	310 Citicorp
590	615 Citicorp
405	485 DKDB
355	480 Dai Nip
358	285 Dai Nip
480	615 Dai Nip
439	369 Eason
1,093	834 Eisan
480	470 Fuji Bk
578	485 Fuji Bk
2,100	2,550 Fuji Bk
1,870	1,150 Green
678	965 Hitachi
273	925 Hitachi
615	495 Hitachi
688	854 Honda
800	700 Honda
800	700 Honda
864	400 Hosh
530	315 Ito-Yo
1,490	1,000 Ito-Yo
2,300	2,310 JAL
910	650 Jaso
299	365 Kajima
358	365 Kajima
657	460 Kashi
416	860 Kinok
436	886 Kinok
1,380	1,380 Kinok
376	887 Komat
700	610 Komat
474	405 Konatsu
566	405 Konatsu
390	335 Kuro
5,250	3,900 Kyoc
398	322 Lyon

[illegible]

19%	15%	Texas Utilities	195%
25%	30%	Texasco	234%
25%	30%	Thomson	234%
25%	20%	Thermo Electron	231%
47%	25%	Thomson Seal	231%
44%	25%	Thomson Seal	231%
24%	15%	Tiger Int'l	215%
51%	25%	Time Inc.	229%
51%	25%	Timken	461%
25%	13%	Tipperary	174%
14%	8%	Tonka	10%
25%	18%	TOTAL P&G	10%
22%	18%	Trans Am	182%
19%	14%	Transamerica	167%
57%	25%	Trans Union	221%
17%	20%	Trans World	211%
44%	25%	Transfers	374%
18%	16%	Trans World	211%
24	15%	Triton Oil Gas	211%
51%	40%	Tru Corp	474%
17	10%	TYAL	111%
24%	14%	TYAL	157%
25%	15%	Union Carbide	391%
67%	10%	Union Carbide	111%
62%	4%	Union Carbide	651%
51%	25%	Union Carbide	391%
47%	25%	Union Carbide	391%
10%	6%	Union Carbide	8%
50%	45%	Union Oil Cal	461%
51%	61%	Union Pacific	774%
51%	6%	Union Pacific	774%
14	9%	Union Pacific	101%
51%	25%	Union Pacific	391%
51%	25%	Union Pacific	391%
16%	11	US Filter	13
34	28%	US Gypsum	30
12	15%	US Home	15
51%	15%	US Indl	15
34	28%	US Shoe	194

[illegible]

1980		
High	Low	
112	101.5	Berg
93	75	Barr
126	112	Cord
105	81	Elkive
128	460	Koar
40	40	Norwa
147.5	115	Stor

SWEDEN		
High	Low	
126	143	AGA
181	118	Alfa
95.5	62	ASBA
80	60	Atlas
170	128	Bofor
159	105	Celvic
95	95	Elect
105	92.5	Eric
151	129	Fase
119	89	Fase
63	63	Gra
142	75	Mo
95	63	Saab
250	205	Sann
180	128	Skar
180	105	Sann
71.5	58	SKF
262	148	St
69.5	55.5	Sven
97	75	Tan
69	57	Udd
94.5	65	Vohn

1980		
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May 9	Price Kroner
Anges Bank .....	105
Bank .....	90
Bank .....	113.5
Bank .....	87.5
Bank .....	46.5
Bank .....	58.5
Bank .....	132.5

May 9	Price Kroner
Bank .....	178
Bank .....	154
Bank .....	64.5
Bank .....	66.5
Bank .....	180
Bank .....	187
Bank .....	106
Bank .....	83.5
Bank .....	141
Bank .....	88
Bank .....	88
Bank .....	126
Bank .....	83.5
Bank .....	355
Bank .....	85
Bank .....	126
Bank .....	75.5
Bank .....	206
Bank .....	66
Bank .....	85
Bank .....	70
Bank .....	83

	Price
Bank .....	178
Bank .....	154
Bank .....	64.5
Bank .....	66.5
Bank .....	180
Bank .....	187
Bank .....	106
Bank .....	83.5
Bank .....	141
Bank .....	88
Bank .....	88
Bank .....	126
Bank .....	83.5
Bank .....	355
Bank .....	85
Bank .....	126
Bank .....	75.5
Bank .....	206
Bank .....	66
Bank .....	85
Bank .....	70
Bank .....	83

516	490 Maekawa
1,190	475 Maekawa
309	490 Maru
666	490 Maru
786	598 Maru
736	467 Matsuda
578	467 Matsuda
402	467 Matsu
724	606 Matsu
210	185 M'Neil
448	367 M'Neil
163	403 Mitsui
402	303 Mitsui
455	440, Mitsui
455	490 Mitsui
1,390	1,030 Mitsui
770	606 Nippo
448	402 Nippo
2,448	1,068 Nippo
510	402 Nippo
145	118 Nippo
231	200 Nippo
3,350	4,400 NY
394	317 NY
183	144 NY
440	568 O'Hara
340	286 Ry
868	661 Orym
370	661 Orym
2,050	1,700 Penn
573	483 Reno
615	325 Reno
422	325 Reno
240	226 Reno
810	627 Sekoku
671	468 Shiga
1,010	970 Shiga
1,010	970 Shiga
481	360 St. Louis
204	245 St. Louis
735	615 Taihei

.....	1,060
.....	950
.....	540
.....	641
.....	708
.....	708
.....	414
.....	414
.....	690
.....	199
.....	370
.....	190
.....	333
.....	418
.....	471
.....	1,110
.....	714
.....	2,000
.....	610
.....	143
.....	202
.....	4,440
.....	325
.....	325
.....	401
.....	298
.....	630
.....	1,930
.....	490
.....	370
.....	235
.....	605
.....	565
.....	676
.....	437
.....	656
.....	645

357	9	US Steel	27 1/2
357 1/2	9	US Tobacco	5 1/2
362 1/2	15 1/2	US Trust	20 3/4
363 1/2	10 1/2	USF Corp.	20 3/4
19 1/4	14 1/2	Utah Telecomm.	17 1/2
35	2 1/4	Upjohn	10 1/2
1 1/2	1 1/2	Urbana	1 1/2
35	21 1/2	Varian Assoc.	29 1/2
11 1/2	7	Vermtron	8 1/2
11 1/2	9 1/2	Virginia EP	11 1/2
37	30 1/2	Vulcan Material	32 1/2
37 1/2	30 1/2	Wallace Murray	22 1/2
25 1/2	28 1/2	Wallace Murray	22 1/2
25 1/2	28 1/2	Wal-Mart Stores	34 1/4
25 1/2	28 1/2	Wal-Mart Stores	34 1/4
42 1/2	35 1/2	Warner Comm.	41 1/2
23	17 1/2	Warner-Lambert	18 1/2
60 1/4	16	Warner-Supermarket	20 1/2
46 1/2	25 1/2	Washington	27 1/2
46 1/2	25 1/2	Waste Mgmt.	49 1/2
46 1/2	25 1/2	Waste Mgmt.	49 1/2
35 1/2	28 1/2	Wells Fargo	27 1/2
35 1/2	28 1/2	W. Point Paper	33 1/2
10 1/2	6 1/2	Western Alpina	5 1/2
10 1/2	6 1/2	Western Alpina	5 1/2
48 1/2	27 1/2	Westn. Nth. Am.	46 1/2
26 1/2	15 1/2	Westinghouse	20 1/2
36 1/2	20 1/2	Westinghouse	20 1/2
37 1/2	28 1/2	Weyerhaeuser	30 1/2
35 1/2	29 1/2	Weyerhaeuser F.	35 1/2
18 1/2	14 1/2	Whitling	18 1/2
25 1/2	15 1/2	Whitling	18 1/2
35 1/2	9	White Consol.	32 1/2
35 1/2	9	White Motor	4 1/2
35 1/2	9	Whitaker	30 1/2
35 1/2	9	Whitaker	30 1/2
40 1/2	26 1/2	Williams Co.	27 1/2
27 1/2	8 1/2	Will-Dodge Str.	2 1/2
26 1/2	1 1/2	Wilson	1 1/2
26 1/2	1 1/2	Wis. Elec. Power	24 1/2
35 1/2	21 1/2	Woodcraft	23 1/2
35 1/2	21 1/2	Woodcraft	23 1/2

5.46	3.10	Warron (Gac).....	52.50
151	138	Air France Trans.....	13
581	22 1/2	Warron (Gac).....	52.50
<b>FRANCE</b>			
1980	May 9	Price	Fra.
High	Low		
2,094	1,780	Emprunt 4 1/2 1975	1995
7,315	6,680	Emprunt 7 1/2 1978	6448
3,391	3,305	CNE 50	4169
151	138	Air France Trans	13
581	22 1/2	Warron (Gac)	52.50
1,640	1,161	Air Liquide	1207
117.9	87.50	Air Printemps	517.8
569	461	IRIO	508
955	820	Ban Rothschild	924
955	820	Ban Paribas	924
1,075	850	BSN Geneva	629
1,580	1,580	Carrefour	575
574	35	COCOA Meditter	375
375	375	ORANGE	375
578	327	OSF (Thomson)	588
359	320	DE la Bancaire	305
455	385	CE de Gen Eaux	439.9
169.5	140	OCing	154
168	157	OCF	168
75.5	56	Crausot-Leire	64
492	395	OCF	375
492	51.79	DNEL	245.5
739	600	Dumez	665
739	51	Pereux	665

High		Low	
1,260	1,110	Alum	
1,875	1,600	Sbr	
1,290	970	Giba	
1,000	740	do	
2,430	2,055	do	
880	730	Fisch	
68,750	50,000	Hoffr	
6,685	5,100	Hoffr	
1,275	4,335	intact	
1,480	1,245	Jelm	
1,520	1,360	Nest	
1,520	950	Nest	
2,340	2,055	2nd-Cor-	
283	250	Pint	
4,240	3,350	Sand	
530	425	Sand	
680	580	Schli	
425	345	Schw	
429	348	Schw	
5,600	5,130	Schw	
1,975	1,760	Swiss	
1,450	1,200	Union	
2,520	1,960	Wint	
14,500	11,700	Zurich	
<b>AUSTRALIA</b>			
1980			
High	Low		
4.90	4.10	ANZ	
1.05	0.80	Asp	
2.60	0.95	Allist	
1.44	1.00	Asp	
1.40	1.60	Asp	
1.49	1.40	Asp	
2.58	1.80	Aust	
1.65	1.32	Aust	
1.60	1.85	Aust	
1.36	1.10	Asp	
0.26	0.15	Rum	

May 9	Fra.
Mulse	1,180
von Boverl	1,776
Goig	1,085
(Part Gerbs)	925
El Sulca	2,76
trovart	2,930
Roche	805
RocherPGC	52,500
Rochi 11/D	5,250
trovart	5,170
Roche	1,240
lla & Cyr	1,370
El	5,470
Guhrie	2,680
trovart	269
Co. (B)	5,610
Co (P. Ca)	460
Andert (PGC)	242
Roche	1,240
El Sulca	359
Bank	6,025
VolfoK	1,750
Bank	1,750
Bank	1,320
phins	14,450

May 9	Price Aust. \$
Group	4.86
Just	1.00
Expt	1.00
of Pet.	2.06
Pulp Pap.	1.17
Cons	2.08
Gumant	1.55
Ind. Nds	2.43
Wood	2.15
Crust	0.15

220	195	Tsabei
200	542	Tafel
542	468	Takht
2,090	1,720	Tak
164	125	Tel'in
1,410	290	Telko
600	478	Tes
927	795	Tos
135	111	Tokyo
639	541	Tok
204	778	Tomih
464	305	Ton
461	395	Tot
858	797	Totor
1,567	1,019	Tra
775	665	Uy
1,060	865	Yamah
570	461	Yama
816	227	Yasu
705	600	Yok

**SOUTH AFRICA**

	1980	Ma
High	Low	Low
3.30	2.65	Aberc
7.16	6.48	Ab
17.00	19.30	Angle
107	80	Angle
17.75	15.75	Ang
39.00	30.00	Bufu
4.65	3.40	CNA
11.75	10.00	Currie
27.25	23.75	De
62.00	48.00	FS
95.00	65.00	Go
44.00	3.5	Highv
3.50	2.50	High
35.00	25.00	Lo

CORP.	598
Pharm.	560
.....	2,070
.....	138
OH.	1,740
.....	594
Mach.Pwr.	596
Gas.	125
Sanyo.	161
.....	605
Corp.	111
.....	442
Kan.	410
Motor.	1,830
.....	1,550
.....	548
ta Motor.	905
.....	498
kaki	278
Pire	278
Bidge.	637
.....	.....
y 9	Price
.....	Rand
.....	2.75
.....	6.9D
Am. Cm.	13.00
Am. Gold	9.30
Rand.	37.75
.....	4.25
Finance.	1.45
.....	8.40
.....	1.00
.....	52.00
Field SA.	71.50
Gold Steel	42.00
.....	16.50
.....	8.20

8	64	Willy	71 1/2
57 7/8	49 1/2	Cerox	48 7/8
13	12	Yallahs Fm Sps	10 1/2
58	54 1/2	Zapata	30 1/2
11 1/2	84 1/2	Zenith Radio	10 1/4

### AUSTRIA

1980		May 9	Price %
High	Low		
358	336	Crat(ban)stalt	336
318	285	Landenberg	256
278	285	Perimocoe	265
124	100	10mpart	101
368	325	Steyr Palmirer	360
359	310	Veitscher Mag	318

### BELGIUM/LUXEMBOURG

1980		May 9	Price Fia.
High	Low		
2,400	1,980	ARBED	2,075
5,400	5,200	Bana ind LUX	5,200
2,170	1,580	Bekaert B.	2,050
1,310	1,200	Chemical GR	1,250
1,280	970	Cockerill	970
1,310	1,000	EBES	1,075
6,150	5,050	Electrobel	5,745
4,210	3,500	Fabrique Nat	3,520
1,310	905	GB-Irmo	925
1,695	1,350	Gal. (Broel)	1,270
1,122	880	Gevaert	1,050
1,470	1,280	Hoboken	1,480
1,470	1,270	Intercom	1,360
5,510	5,700	Kredietbank	5,690

13.5	267	100	Deere	311
150	53	5	Metall	288
260	249	14	Lafarge	283
150	600	1	Orl.	1607
1,618	103	2	Grund	1,607
72.9	95	7	Machines Bull	65
980	7,959	1	Michelin	9,955
556	613	1	Moët-Hennessy	577
89.9	75.5	1	Moulinex	78.7
227	216	19	Paribas	226
113.6	53	1	Perrier	113.6
306	245	2	Period	300.5
297	225	1	Perrier	294.5
270	202	1	Pollack	270
333	305	1	Radiotech	256
474	418	1	Redoute	456
141.8	116.8	1	Rosco-Poulenc	139.5
197	180	1	Saunders	185
197	119	1	St. Gobain	182
1,040	630	5	St. Rossmann	642
940	688	1	Thermoc. Elect.	837
836.5	688	1	Thermoc-Strand	210.1
<b>GERMANY</b>				
<b>1980</b>		<b>May 9</b>		<b>Price Dm.</b>
<b>High</b>	<b>Low</b>			
129.9	71	1	AEF-Tele	76
480	546	1	Altanz Vols	378
198	113	1	BAYER	131.6
253	210	1	Baye-Hypo	236
198	164	1	BHF Bank	187
172	149	1	BMW	158
294	280.6	1	Brown Bowe	297.8
54	42.2	1	Chem. Ind.	50
54	42.2	1	Chem. Gummi	50

3.50	2.79	Ban
1.65	2.97	Blue
1.65	2.97	Blue
3.65	2.14	Bora
2.12	1.80	Bra
3.26	1.85	Bra
3.56	1.85	Bra
14.50	1.145	BHP
0.35	0.15	Brum
740	4.52	Car
1.15	0.35	Ch
0.35	0.35	Ch
0.26	0.13	D
1.15	1.25	Cock
1.15	1.25	Cock
5.70	2.95	Con
8.50	2.50	Con
2.95	2.60	Con
7.10	2.05	Con
3.25	2.10	Crus
0.65	0.77	Dunk
0.55	0.29	Eden
1.00	3.83	Eaco
1.24	2.60	Gen
1.24	2.60	Hoot
1.13	2.60	Hoot
2.80	1.65	Jimb
1.61	1.27	Jone
1.61	1.27	Jone
2.85	1.10	Lia
6.58	2.75	MW
4.10	2.60	MTW
1.05	0.35	Mons
1.65	1.47	Niwe
3.75	2.32	Nat
3.15	2.10	News
1.85	2.60	North
4.55	2.60	North
5.00	2.90	Oak

New	2.60
Metal	1.40
Oil Inds.	1.98
Hedge	2.32
The Copper	1.95 1/2
nyble Inds.	1.35
Oil	1.25
sawick Oil	0.19
Gas & Util.	0.52
O. Oil	0.28
O. Opt.	0.80
burn Cent.	1.25
(G.M.)	1.56
Gold	6.70
Others	4.72
Rail Road	1.50
ader Oil	5.00
mpower Gen.	0.77
Prop Trust	1.40
Energy	0.68
er Energy	3.60
er	0.95
ing	2.10
Angaria Min.	0.80
(D)	1.30
Pra Gold	1.55
ng	1.75
gbarra	3.15
mer Mil.	0.84
Emp	0.77
Sank	2.35
nt Int.	2.14
Bull Finl	1.18
Bridge	2.80

6.10	5.00	Nedba
15.10	12.50	OK Prot
3.70	3.50	OK Prot
6.90	5.90	Rembr
6.60	2.60	Rembr
6.60	4.00	Rust Pk
15.00	13.50	Saga Hk
6.90	2.60	SEA R
15.50	10.40	Smith
1.90	1.40	Sore
15.00	15.50	Tiger R
2.35	1.85	Unleic

**Financial Ratios (Discount = 0)**

1980	High	Low	A
1.65	1.09	Accept	
3.07	2.45	Banco	
4.00	1.90	Belgo	
2.84	1.40	Loja	
2.55	1.57	Petrob	
2.50	1.30	Pirelli	
4.00	2.80	Unic	
7.85	2.95	Vale R	

**TEL AVIV**

Company

Banking, Insurance  
and Finance

Bank Leumi Le Israel  
DBK Bankholding  
Bank Hapoalim B  
Union Bk. of Israel B  
United Bk. of Israel

nk.	5.90
beans	14.4
Higgs	2.80
franc	2.95
lat	5.00
lat	2.45
1.14	3.14
CG Sugar, 100	1.06
Debs	15.00
	1.90

d US\$0.93	
f 251%)	
May 9	Prix Cruz
	1.50
Brazil	4.57
Min	5.08
Fr	3.60
Frans PPF	3.06
	1.30
Cruz	3.10
	5.85
to Doc.	6.10

Prices	Change
May 11	the week
1979	
597	- 231
865	+ 26
869	+ 10
702	+ 30

[illegible]

261,5	200	Daimler Benz	267,5
193	123	Mercedes	197
139	123	Dagaz	137
274,9	210	Otsche Babcock	214
287,9	286	Deutsche Bank	264,3
150,4	107	Deutsche Lufthansa	147
167	167	Bredner Bank	168
145	120	Dyck Zement	122
216,5	175	Deutsche Lloy	216,5
77	66	Deutsche Lloyd	-70
129,1	109,1	Hoescht	122,1
37,8	35,3	Hoescht	36,6
438	380	Holtmann (P)	380
187,5	181	Hortle	186,5
170	169	Kali und Salz	154,6
268,8	218	Karstadt	247
200	168	Karstadt	187,5
200	168	Karstadt	187,5
87,6	80	Kieckhefer	81
53	54	Krupp	56,5
82	82	Krupp	80
83	70	Lurten	80
240	174,5	MANN	189
177,8	116	Schwanemann	117,8
222	135	Mercedes Wag	220
298	230,5	Mittelweg	290
630	545	Muench K	590
215	149	Preussag	198
265	200	Preussag	217,8
85	840	Elekt	840
205,5	175	Seehoring	188
100	75	Seehoring	100
90,9	70,5	Seehoring	71,8
178	128	Varta	146,2
168	128	Varta	138,9
278	250	Varta	278
191,1	170	Volkswagen	185

[illegible]

Exp.....	1.10
Ion.....	5.80
Pacific.....	0.18
Mar & C.....	1.90
Mar & C.....	0.27
Mar & C.....	2.40
Mar & C.....	2.20
Mar & C.....	3.10
Mar & C.....	0.30
Mar & C.....	0.46
Mar & C.....	2.48
Mar & C.....	2.20
Mar & C.....	1.85
Mar & C.....	4.00
Mar & C.....	1.05
Mar & C.....	0.63
Mar & C.....	2.85
Mar & C.....	1.66
Mar & C.....	5.10
May 9.....	
Mar & C.....	4.94
Mar & C.....	5.00
Mar & C.....	4.62
Mar & C.....	6.75
Mar & C.....	1.90
Mar & C.....	2.70
Mar & C.....	2.85
Mar & C.....	4.74
Mar & C.....	2.88
Mar & C.....	1.67
Mar & C.....	5.00
Mar & C.....	12.00
Mar & C.....	3.74

Masses Insurance Br  
Telohor Int. Mt. Bk  
Development and Development  
Africa Israel Inv. EN  
Land Land Dvpt. Br  
Property and Building  
Public Utility  
Electric Con.  
Investment Companies  
Bank Leumi Invest.  
Commercial and  
Industrial  
Alliance Tiro & Ruben  
Geo Sr.  
Angloan Textile Br.  
Auto Exports B  
Amer. Israel Pn. Milita  
Cuba .....  
Venezuela .....  
Yems Reg.  
Suez Canal and Qul  
Delat  
Source: Bany Leum  
Int Advlv. F Bid.

**Spanish prices**

NOTES.—Prices are based on the highest bid received on the last day of trading, or the first day of trading, if no bids were received, or the right of first refusal.

	760	+ 8
	325	+ 5
	816	+ 12
	536	- 1
	770	+ 25
	323	+ 4
	412	+ 13
	649	+ 4
	481	- 152
	703	- 5
	389	+ 14
	1,575	- 127
	221	+ 12
	264	- 12
	173	- 6
	781	- 8
	380	+ 33
	528	- 1
	582	- 48
	364	- 31

in Israel DM,

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Page 23

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 file. S. Dandekar  
 Head, Ex En section  
 Ex. En.







This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Home Farm Products Limited ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

A copy of these particulars, having attached thereto the documents referred to below, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for the whole of the issued Ordinary share capital of the Company to be admitted to the Official List. The issued Ordinary shares of the Company rank *pari passu* in all respects.

# HOME FARM PRODUCTS LIMITED

(Incorporated in England under the Companies Act 1929, No. 265078)

These particulars are issued in connection with a placing

by

**CAPEL-CURE MYERS LIMITED**

of 1,200,000 Ordinary shares of 10p each at 55p per share.

## SHARE CAPITAL

Authorised  
£600,000 in 6,000,000 Ordinary shares of 10p each. ....

Issued and Fully Paid  
\$460,176

At the close of business on 25th April, 1980, the Company, and the subsidiaries hereinafter referred to, had no outstanding borrowings and apart from inter-company indebtedness neither the Company nor any of such subsidiaries had outstanding as at 25th April, 1980, any loan capital or any loan capital created but unissued, mortgages, charges or other indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or material contingent liabilities.

## DIRECTORS:

JOHN MICKLETHWAITE (Chairman and Joint Managing Director),  
256 Sheffield Road, Tinsley, Sheffield, S9 1RD.  
WALTER HALL (Joint Managing Director), 256 Sheffield Road, Tinsley, Sheffield, S9 1RD.  
THOMAS HENRY STANFORTH, M.A. (Non-Executive),  
58/64 Campo Lane, Sheffield, S1 1FW.  
GERARD LAWRENCE STORR, B.Sc. (Non-Executive),  
256 Sheffield Road, Tinsley, Sheffield, S9 1RD.

## SECRETARY AND REGISTERED OFFICE:

ANTHONY NOEL VILLAGE, M.A. (Cantab.), A.C.A., 256 Sheffield Road, Tinsley,  
Sheffield, S9 1RD.

## BANKERS:

NATIONAL WESTMINSTER BANK LIMITED, P.O. Box 56,  
16 George Street, Sheffield, S1 1NT.

## STOCKBROKERS:

CAPEL-CURE MYERS LIMITED, Bath House, Holborn Viaduct, London, EC1A 2EU  
and at The Stock Exchange.

## SOLICITORS TO THE COMPANY:

KERSHAW, TUDOR & CO., 58/64 Campo Lane, Sheffield, S1 1FW.

## SOLICITORS TO THE PLACING:

TRAYERS SMITH, BRAITHWAITE & CO., 6 Snow Hill, London, EC1A 2AL.

## AUDITORS AND JOINT REPORTING ACCOUNTANTS:

BROOKS & HANBIDGE (Chartered Accountants),  
27 Wilkinson Street, Sheffield, S10 2GD.

## JOINT REPORTING ACCOUNTANTS:

THORNTON BAKER (Chartered Accountants),  
Fairfax House, Fulwood Place, London, WC1V 6DW,  
and at Sheffield.

## REGISTRARS AND TRANSFER OFFICE:

NATIONAL WESTMINSTER BANK LIMITED, P.O. Box 82,  
37 Broad Street, Bristol, BS99 7NE.

## LETTER FROM THE CHAIRMAN.

The following is a copy of a letter to Capel-Cure Myers Limited from Mr. John Micklethwaite, Chairman of the Company.

The Directors,  
Capel-Cure Myers Limited,  
Bath House,  
Holborn Viaduct,  
London, EC1A 2EU.

256 Sheffield Road,  
Tinsley,  
Sheffield, S9 1RD.

9th May, 1980.

Gentlemen,

In connection with the placing of 1,200,000 Ordinary shares of 10p each in Home Farm Products Limited ("the Company"), I am writing to provide you with information regarding the background, development and present activities of the Company and its subsidiaries ("the Group").

## History

The Group has its origins in the pork butchery business founded by my late father, Mr. George Micklethwaite in 1928. The Company was incorporated in 1932 to acquire his business which at that time consisted of a pork butcher's shop and factory situated at Tinsley, Sheffield. In 1933 a second shop was opened and over the years the number of similar shops operated by the Company in the Sheffield area increased to nine. The pigs which were used to supply the shops were slaughtered at the Tinsley premises until 1932 when this activity was transferred to the newly opened Sheffield Corporation abattoir. A range of pork products such as sausages, pies and bacon was produced at Tinsley for sale in the Company's shops.

I joined the Company in 1949 at the age of nineteen and increasingly assumed managerial responsibilities for the business which continued in the retail pork trade and the manufacture of pork products at Tinsley.

In 1967 Walter Hall, who had considerable experience of the bacon trade, particularly marketing, joined the Company and the decision was taken to broaden its trading base by supplying pork and bacon wholesale as well as to its own shops.

In 1968 a major step in expanding our activities was taken with the purchase of the freehold of a slaughterhouse at Todwick, Yorkshire by Walter Hall and myself and we granted a lease to a new company, Todwick Pork & Bacon Co. Limited ("T.P.B.") formed in January 1969 and which commenced trading in August of that year. Initially, T.P.B. processed some 50 pigs a week as the business prospered production facilities were gradually extended and improved. By May 1978 a new slaughterline and related facilities had increased the capacity there to approximately 2,000 pigs a week and in recent months T.P.B. has been operating at around 90% of that capacity.

Todwick Cooked Meats Limited ("Cooked Meats") was formed in 1973, and now produces sausage and like products from a new factory at Todwick equipped to the latest standards. Yorkshire Freezer Meats Limited ("Freezer Meats") was incorporated in 1976 and operates a cash and carry freezer centre which has been developed from the original Tinsley premises. In July 1979 the purchase of premises at Worksop, Notts, enabled the Group to start supplying vacuum packs of primal bacon cuts.

The most important recent event was the purchase, in April 1978, of additional slaughtering facilities at Gainsborough, Lincs, where trading started under the name of Gainsborough Pork and Bacon Company Limited ("Gainsborough") in December 1978.

On 7th May, 1980 the Company acquired the whole of the issued share capitals of T.P.B., Cooked Meats, Freezer Meats and Gainsborough on a share exchange basis.

## Business

The Group's chief activity is the purchase of live pigs and the processing of them into sides of bacon or primal cuts of pork. Sausage, bacon rashers and pork based foodstuffs are also produced and packed and the Group has recently undertaken the vacuum packing of bacon joints. These products are sold to wholesalers, retailers and caterers and the Group also sells a wide range of frozen food and other products to the public through the freezer centre at Tinsley.

T.P.B. is the main contributor to the Group's sales and profits and its successful development has been the major factor in the Group's expansion to date. Live pigs are acquired at the point they leave the producer's delivery vehicle and, after slaughtering, the carcasses are chilled overnight for butchering the following day. Depending on the level of demand for pork or bacon the sides are then cut into fresh pork or cured as bacon. In the last two financial years over two-thirds of the pigs processed have been cured as bacon. Pork and bacon produced by T.P.B. is distributed and sold under the trade name "Yorkshire Pork & Bacon".

The Group's latest development is the vacuum packing of primal cuts of bacon and for this purpose a newly erected freehold factory has been purchased at Worksop and production commenced in the autumn of 1979. This factory is also taking on certain of the activities of Cooked Meats thus releasing additional space for the production of sausage at Todwick.

The facilities installed by us at Gainsborough are capable of handling 900 pigs a week. The output from Gainsborough is sold as pork and it is not proposed to cure bacon there. The success of this Company from the start was such that the decision has been taken to treble its capacity. Work is currently in hand to erect additional slaughtering equipment, chilling rooms and ancillary facilities which it is estimated will cost in the region of £300,000, before taking into account any development grants which may be receivable and will be funded from the Group's existing resources. It is anticipated that the new plant will come on stream in July this year giving Gainsborough a capacity of approximately 3,000 pigs a week. Together with the existing plant at Todwick the Group will then have the potential to handle around 5,000 pigs a week.

It is not envisaged that the E.E.C. Pigeat Regime which has applied since 1973 to the business carried on by the Group will materially affect its future trading.

The Group continues to operate four butcher's shops, three of which are in Sheffield and one in Barnsley. The shops offer a comprehensive range of beef, lamb, pork and pork products. Although it is not the intention to expand the number of butcher's shops, they contribute to Group profits and are also valuable in that they provide a useful insight into changes in public demand for meats and related products.

We have always been aware of the necessity for maintaining high levels of hygiene in the food processing industry and the Group has its own laboratory at Todwick which is staffed by two qualified technicians. Their duties include carrying out regular and random checks on all aspects of the Group's products and production facilities and analysing specimens to ensure that the correct standards of hygiene and quality are observed at all the Group's premises. In addition the Group retains the part time services of a doctor to report on the health of new employees and keep a check on the health of all those working for the Group. It has always been our policy to encourage customers and suppliers to visit our premises.

## Purchasing

The policy of T.P.B. is not to buy pigs on the open market but to obtain them from a limited number of large scale pig producers. The majority of pigs are purchased under the "contract" system, whereby the producers agree to supply a certain number of pigs of a specified quality for a twelve month period and the Group undertakes to purchase all those pigs which reach the required standard. This is a mutually satisfactory arrangement in that the producer is guaranteed a market for his pigs and the Group is assured of pigs of the correct quality. The ability to supply customers with products of a consistently high quality plays an important part in the development of the Group. Our main source of pigs is East Yorkshire which is recognised as being one of the best pig producing areas in the country. It is not our policy to breed our own pigs.

The type of pig purchased by the Group can be processed to produce either pork or bacon. This is advantageous in that output at Todwick can be adapted promptly to match changes in buying patterns and seasonal influences. At present pigs processed at Gainsborough are acquired from farmers or through pig procurement agencies although it is the intention to introduce the contract system there.

In addition to the nationally accepted grading system upon which pig prices are based, T.P.B. has introduced a "Premium Grade" for pigs with a low level of fat for which a higher price per kilogram is paid. The premium grade pig which comprises approximately four-fifths of T.P.B.'s throughput produces high quality lean pork and bacon.

## Sales

The Group's total sales for the year ended 2nd June, 1979 amounted to £7.6 million all in the U.K. Sales over the past two financial years and for the twenty six weeks ended 1st December, 1979, which reflect the increase in pork output due to the build up of production at Gainsborough, show the following breakdown:-

	Year ended 3rd June, 1978	Year ended 2nd June, 1979	26 weeks ended 1st December, 1979
Bacon	51.5	49.8	43.4
Pork	20.1	23.7	32.5
Sausage and cooked meats	10.8	8.1	8.3
Other products	4.8	5.0	5.0
Butchery shops	7.8	5.7	6.4
Freezer Centre	6.2	7.2	4.4
	100.0	100.0	100.0

The Group's customers are principally retailers and members of the public who take approximately 45% of production and wholesalers who purchase a similar proportion with the balance being accounted for by large scale caterers such as factory canteens. In the year ended 2nd June, 1979, the Group's ten largest customers accounted for some 41% of total sales. Approximately one fifth of total sales was supplied to a major UK retail chain with branches throughout the country. However, with the developments envisaged within the Group it is anticipated that the spread of customers will be broadened.

## Management and Staff

I am 49 years of age and am Joint Managing Director as well as Chairman of the Company. I assume overall responsibility for administering the day to day business of the Group and am also responsible for financial control and strategy. I have a five year service contract with the Company, details of which are given below, (Contract No. (VI) (a)).

Walter Hall is 44 years old and joined the Company in 1967 having previously managed the Northern Office of a subsidiary of the Danish Bacon Company Limited. His prime responsibilities are the Group's purchasing and marketing policies. He also sits on two trade association committees which gives us a broad view of the industry in which we are involved. He has a four year service contract with the Company which is detailed below, (Contract No. (VI) (b)).

Tom Staniforth, aged 56, was appointed to the Board on 1st May, 1980 as a non-executive director. He is a partner of Kershaw, Tudor & Co., Solicitors, who have acted for the Group for some thirty years and is conversant with our business.

Gerard Storr, aged 40, was also appointed to the Board as a non-executive director on 1st May, 1980. Until December, 1978 he was a director of Feedex Agricultural Industries Limited, a listed Company. He runs a large pig breeding unit in North Humberdale and his whole working life has been concerned with pig production. He has no trading relationship with the Group.

Other key members of the management team include Joseph Foster, aged 35, who is sales assistant to Walter Hall; John Hind, who is 45 years old and joined the Group in 1969 and was responsible for establishing the bacon factory at Todwick which he currently manages; John Morris, aged 35, who is general manager of Gainsborough; Rodney Thomas, aged 33 who is general manager of Cooked Meats and John Walsh, aged 36, who manages Worksop. All the above attend monthly management meetings at which the affairs of the Group are discussed.

The total number of employees of the Group is approximately 210.

## Property and Premises

The Group's premises had an overall book value of £358,000 as at 1st December, 1979. As certain premises have only recently been acquired, the Board does not consider that the expense of a revaluation can be justified. However, the Board is confident that the Group's properties, as at present used, are worth not less than their book value and details of the principal properties are set out below:-

Manufacturing Premises	Address	Terms	Occupied by
Factory, offices and land on site of 1.87 acres	Minor Farm, Todwick	Leasehold for 20 years from 1st May, 1980, from J. Micklethwaite & W. Hall. Current annual rent of \$4,850 subject to review at five yearly intervals.	T.P.B., The Company and Cooked Meats
The Long Barn 0.09 acres	Minor Farm, Todwick	Freehold	
Gainsborough Slaughterhouse 0.90 acres	1 Linnet Avenue, Gainsborough	Freehold	Gainsborough
Worksop Packaging Factory 0.39 acres	Unit 2, Claydon Close, Delnalynde Industrial Estate, Worksop	Freehold	T.P.B. Worksop packaging division

## Tinsley Proprietary and Freezer Centre

0.18 acres

## 250-256 Sheffield Road, Tinsley

250-256 Sheffield Road, Tinsley

## Leasehold for 200 years

from 1st May, 1980. Annual Rent \$10.50

Leasehold for 200 years from 1st November, 1907. Annual Rent \$2.50

## The Company and Freezer Meats

## Retail Premises

The Company also operates four butcher's shops from short leasehold premises with a current annual rental totalling £18,150. The shortest of these leases expires in 1988 and there is no further review. The leases of two shops expire in 1981 both with reviews in 1982 and 1987 and the remaining lease expires in 1982 with review in 1983 and 1988.

## Working Capital

The Directors are of the opinion that, taking into account bank facilities available to it, the Group has sufficient working capital for its present requirements.

## Profits, Profit Forecast and Dividends

The turnover and profits of the Group for the last five financial periods ended 2nd June, 1979 and for the 26 weeks ended 1st December, 1979 are set out in the Accountants' Report below. Turnover and profit has increased in each of the five years save for 1978, when profits were affected by adverse market conditions and the expansion programme at Todwick.

The Directors attribute the Group's success to the personal service and premium products it supplies, coupled with operational efficiency. They expect to be able to continue this tradition and future prospects are enhanced by the new capacity recently acquired at both Gainsborough and Worksop.

In the absence of unforeseen circumstances, the Directors forecast that the profit before taxation for the year ending 31st May, 1980 should be not less than £700,000. The assumption upon which this profit forecast is based is set out below together with letters supporting the calculations, policies and the assumption.

On the basis of the Directors' forecast of profits for the year ending 31st May, 1980 it is intended to recommend for payment in or around December, 1980 a dividend of 1.75p net per share (which together with the related tax credit of 30% is equivalent to 2.5p per share). This will be the first dividend payable by the Company after its admission to the Official List, and waivers in respect thereof (in excess of 0.1p per share) affecting approximately 65% of the issued capital have been received. In the forthcoming Report and Accounts for the year ended 31st May, 1980 some £600,000 of the forecast profit will be shown as pre-acquisition profits not available for distribution.

In respect of a full year in which a similar level of profit was earned the Directors would expect to recommend dividends totalling 2.9p net per share (4.14p with related tax credit of 30%). It is intended in future years to pay an interim dividend in or about June and a final dividend in or about December.

The following table sets out, by way of illustration only, how a profit before taxation of £700,000 would be appropriated assuming Corporation Tax at the rate of 52% and no dividend waivers.

Profit before taxation	£700,000
Less: Taxation	364,000
Profit after taxation	336,000
Less: Ordinary dividend of 2.9p per share	133,451
Retained Profit	202,549
Dividend cover	2.52 times

On the above basis the gross dividend yield on the Ordinary shares at the placing price of 55p per share would be 7.5% and the price/earnings multiple would, on a 52% tax charge be 7.5.

Yours faithfully,

JOHN MICKLETHWAITE  
Chairman

## ACCOUNTANTS' REPORT

The following is a copy of the report of Brooks & Hanbridge, Chartered Accountants, auditors of the Company and Joint Reporting Accountants, and of Thornton Baker, Chartered Accountants, Joint Reporting Accountants, to the Directors of the Company and of Capel-Cure Myers Limited.

27 Wilkinson Street, Sheffield S10 2GD

The Directors,  
HOME FARM PRODUCTS LIMITED,

The Company,  
CAPEL-CURE MYERS LIMITED,

Gentlemen,

On 7th May, 1980 Home Farm Products Limited ("the Company") acquired the whole of the issued share capitals of the following companies ("the subsidiaries"):-

Todwick Pork & Bacon Co. Limited ("T.P.B.")  
Todwick Cooked Meats Limited ("Cooked Meats")  
Gainsborough Pork and Bacon Company Limited ("Gainsborough")  
Yorkshire Freezer Meats Limited ("Freezer Meats")

The Company and the subsidiaries are hereinafter referred to as "the Group."

We have examined the audited accounts of the Company and each of the subsidiaries for the periods relevant to this report. Brooks & Hanbridge or its predecessor firms have been auditors of the Company and all the subsidiaries for the periods relevant to this report.

The summaries of profit and loss accounts, source and application of funds statements and *pro forma* balance sheets set out below are based upon the audited accounts, adjusted in the cases of Cooked Meats, Gainsborough and Freezer Meats to reflect an accounting period ended on the Saturday nearest to 31st May in each year, and after making such further adjustments as we consider appropriate.

In our opinion these summaries together with the notes thereon give a true and fair view of:-

(i) The profits and source and application of funds of the Group under the historical cost convention for the five accounting periods ended 2nd June, 1979 and the twenty six weeks ended 1st December, 1979; and

(ii) the state of affairs of the Company, and the Group, on a *pro forma* basis, at 1st December, 1979, also under the historical cost convention.

In our opinion the summary of the Current Cost Profit of the Group for the twenty six weeks ended 1st December, 1979 has been properly prepared in accordance with the principles of Statement of Standard Accounting Practice No. 16.

No audited accounts of the Company or any of the subsidiaries have been made up in respect of any period subsequent to 1st December, 1979.

9th May, 1980



# HOME FARM PRODUCTS LIMITED

## Accounting Policies

The following summaries have been prepared on the basis of the following principal accounting policies, which have been applied consistently for the period under review:

- Accounting convention.**  
The accounts have been prepared under the historical cost convention, except where indicated.
- Turnover.**  
Turnover represents the net amounts invoiced for sales excluding value added tax and transactions between Group companies.
- Depreciation.**  
Depreciation is provided to write off the cost of fixed assets, after deducting any grants receivable, over the estimated useful lives as follows:  
Freehold land and buildings Nil  
Long leasehold property Nil  
Shop fittings and short leasehold property Equal amounts over unexpired term of the lease.  
Plant and machinery Between 10% and 50% per annum straight line.  
Furniture and fittings 15% per annum straight line.  
Motor vehicles 25% per annum straight line.  
A full year's depreciation is charged on all assets in use at the end of the accounting period irrespective of the date of purchase.  
In the opinion of the Directors the amount of depreciation of freehold and long leasehold buildings required under Statement of Standard Accounting Practice No. 12 is not material to the results.
- Deferred Taxation.**  
Deferred taxation is provided at current rates on increases in value of stocks and work in progress and on accelerated capital allowances.
- Stock and work in progress.**  
Stock and work in progress are valued at the lower of cost and net realisable value. In the case of work in progress cost includes related production overheads.

## Basis of Combination

For the purpose of this report, the accounts of the Company and the subsidiaries have been combined on the assumption that all the above named companies have been members of the Group for all the periods relevant to this report, to show, for the relevant periods and dates, the results and financial position of the businesses now carried on by the Group.

The accounts of Cooked Meats, Gainsborough and Freezer Meats have in the past been made up to the Saturday nearest to 30th June in each year, and we have made such adjustments as we consider appropriate to restate the profit and loss accounts and statements of source and application of funds on the basis of accounting periods ended on the Saturday nearest to 31st May in each year. Accounts for the Company and all the subsidiaries have been prepared for the periods ended 1st December, 1979, and it is intended that Group accounts will be made up to the Saturday nearest to 31st May in each year.

The Group and the Company *pro forma* balance sheets at 1st December, 1979 are based upon the audited accounts at that date combined on the basis set out above and adjusted for the changes in share capital set out in note 7 below.

## Profit and Loss Accounts

		Accounting Periods ended						Half Year ended
		31st May 1976	31st May 1977	31st May 1978	31st May 1979	31st May 1980	31st May 1980	1st December 1979
Turnover	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating costs	1	2,878	3,747	4,581	5,808	7,228	4,788	5,150
Profit before Taxation	2	103	181	276	258	360	384	208
Taxation	3	51	88	142	138	205	208	188
Profit after Taxation		52	93	134	120	155	176	120
Dividends		—	—	—	—	—	—	—
Profit retained		52	93	134	120	155	176	120
Earnings per share	4	1.1p	1.8p	3.0p	2.5p	4.0p	4.1p	—

## Pro Forma Balance Sheets at 1st December, 1979

		The Group		The Company	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets:					
Investment in Subsidiaries	5	—	805	—	171
Current Assets:					
Stock and work in progress	6	360	176	—	480
Debtors		819	588	—	—
Tax receivable		130	7	—	—
Bank balances		—	—	—	—
		1,324	761	—	—
Current Liabilities:					
Creditors		378	172	—	—
Bank overdraft (unsecured)		322	185	—	—
Taxation		142	87	—	—
		842	454	—	—
Net Current Assets		—	484	—	287
Less: Taxation payable more than 12 months from balance sheet date		—	115	—	38
		—	1,174	—	918
Financed by:					
Share Capital	7	—	480	—	480
Reserves	8	—	328	—	328
Share Capital and Reserves		—	788	—	788
Deferred Taxation	9	—	385	—	128
		—	1,174	—	918

## Source and Application of Funds

		Accounting Periods ended						Half Year ended
		31st May 1976	31st May 1977	31st May 1978	31st May 1979	31st May 1980	31st May 1980	1st December 1979
Source of Funds:		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Profit before taxation (see Note 2)		103	181	276	258	360	384	208
Less: Dividends paid		—	—	—	—	—	—	—
Depreciation		34	58	81	87	108	108	85
Other		1	1	1	(5)	—	—	—
Total Generated by Operations		121	187	288	288	421	441	241
Funds from Other Sources:								
Sale of fixed assets		14	3	23	6	2	5	—
Total Source of Funds		135	190	311	294	423	446	241
Application of Funds:								
Purchase of fixed assets	(175)	(108)	(103)	(208)	(198)	(368)	—	—
Tax paid	(13)	(35)	(8)	(23)	(64)	(14)	—	—
Increases/(decreases) in Working Capital	(53)	47	200	86	183	83	—	—
Increases to stock and work in progress	44	39	40	3	52	141	—	—
Increases/(decreases) in debtors	88	(1)	103	30	222	244	—	—
Increases/(decreases) in creditors	(7)	(20)	17	(50)	(100)	(101)	—	—
Increases/(decreases) in net liquid funds	(148)	79	40	83	(111)	(181)	—	—
		(53)	47	200	86	183	83	—

## Notes

### 1. Operating costs include:

		Accounting Periods ended						Half Year ended
		31st May 1976	31st May 1977	31st May 1978	31st May 1979	31st May 1980	31st May 1980	1st December 1979
Depreciation		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director's emoluments	— The Company	20	20	20	22	17	18	—
— Subsidiaries		—	—	—	12	18	10	—
Bank interest		3	4	2	—	2	1	—
Interest received		(4)	(3)	(15)	(7)	(15)	(11)	—
Interest relief grant		—	(6)	(8)	—	—	—	—

2. The amount charged in arriving at the profits before taxation shown above in respect of the period ended 2nd June, 1979 for Directors' emoluments amounted to £35,516. In addition to this, bonuses totalling £78,000 were paid to Mr. J. Mickelthwait, Mr. W. Hall and their wives, which will not be payable under the arrangements in force with effect from 3rd June, 1979. Under the new arrangements Mr. J. Mickelthwait and Mr. W. Hall will receive basic salaries, for the year ending 31st May 1980 will amount to £30,000 in aggregate. In addition they will be entitled to share in an annual bonus of 5% of the consolidated profit before taxation in excess of £700,000 which is divisible between all the Directors. In view of these new arrangements we have made an adjustment to eliminate the bonuses paid to these Directors in each of the periods up to and including the period ended 2nd June, 1979. The effect of these adjustments can be shown as follows:

		Accounting Periods ended						Half Year ended
		31st May 1976	31st May 1977	31st May 1978	31st May 1979	31st May 1980	31st May 1980	1st December 1979
Profit before taxation		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Less: Director's emoluments		20	20	20	22	17	18	—
Less: Director's emoluments		—	—	—	12	18	10	—
Bank interest		3	4	2	—	2	1	—
Interest received		(4)	(3)	(15)	(7)	(15)	(11)	—
Interest relief grant		—	(6)	(8)	—	—	—	—

### 3. Taxation charge comprises:

		Accounting Periods ended						Half Year ended
		31st May 1976	31st May 1977	31st May 1978	31st May 1979	31st May 1980	31st May 1980	1st December 1979
U.K. Corporation tax		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deferred tax		30	60	28	31	58	183	—
		60	120	56	62	116	266	—

4. The calculation of earnings per share is based on the combined profit after taxation and on 4,601,760 shares in issue.

### 5. Fixed assets at 1st December, 1979, comprised:

	Cost	Accumulated Depreciation	Net Book Value
	£'000	£'000	£'000
Freehold properties	188	—	188
Long leasehold properties	13	—	13
Shop fittings and short leasehold properties	238	79	159
Plant and machinery	602	238	364
Furniture and fittings	23	10	13
Motor vehicles	165	85	70
	1,217	412	805

### 6. Stock and work in progress at 1st December, 1979 comprised:

	£'000
Work in progress	84
Finished goods for sale	180
Consumables	85
	349

7. At 1st December, 1979 the authorised and issued share capital of the Company was 28,600 shares of 51 each.

#### On 7th May, 1980:

- each of the existing 28,600 authorised and issued shares of £1 in the capital of the Company was converted and subdivided into 10 Ordinary shares of 10p each;
- with a view to the acquisition of the whole of the issued share capital of T.P.B. Cooked Meats, Freezer Meats and Gainsborough the authorised share capital of the Company was increased to £230,088 by the creation of 2,014,880 new Ordinary shares of 10p each;
- the said 2,014,880 new Ordinary shares were allotted and issued credited as fully paid in consideration of the above mentioned acquisition.

#### On 9th May, 1980:

- the authorised share capital of the Company was further increased to £600,000 by the creation of 3,699,120 new Ordinary shares of 10p each;
- a capitalisation issue of 2,300,880 new Ordinary shares of 10p each was made to members. The issued share capital thus became £460,176 made up of 4,601,760 Ordinary shares of 10p each.

### 8. Reserves

	£'000
Retained profits	272
Share premium	57
	329

9. The amount of deferred taxation provided under the liability method at 52% by the Group at 1st December, 1979 is as follows:

	£'000
Excess of capital allowances over depreciation	274
Stock appreciation relief	111
	385

### 10. Capital commitments at 1st December, 1979 were as follows:

	£'000
Authorised but not contracted for (now contracted for)	300
Contracted for	3
	303

11. At 1st December, 1979 the Group had no material contingent liabilities.

## Profit and Loss Account—Current Cost

The following current cost profit and loss account for the twenty six weeks ended 1st December, 1979 incorporates the figures shown in the historic cost profit and loss account, combined on the basis set out above, adjusted in accordance with the principles set out in Statement of Standard Accounting Practice No. 16 as follows:

- The depreciation adjustment is calculated by applying to the historic costs of fixed assets the appropriate Central Statistical Office indices and depreciating the calculated current costs at normal rates of depreciation. No depreciation has been charged on freehold and long leasehold properties.
- The monetary working capital adjustment is calculated by applying the appropriate Central Statistical Office indices to the opening and closing monetary assets and liabilities.
- The gearing adjustment represents a proportion of the depreciation and monetary working capital adjustments added back to the current cost profit appropriate to assets financed by net monetary liabilities.
- The nature of the Group's business is such that virtually all stocks are sold within a few days of purchase and consequently no adjustment to cost of sales is appropriate.

	Historical cost trading profit before interest	Half Year ended 1st December, 1979
	£'000	£'000
Less: Current cost operating adjustments	—	384
Monetary Working Capital	1	—
Depreciation	15	—
	16	—
Current cost operating profit	—	368
Add:		
Interest received	10	—
Gearing adjustment	7	—
	17	—
Taxation	—	385
Current cost profit retained	—	179

BROOKS & HANBIDGE,

Chartered Accountants

Yours faithfully,

THORNTON BAKER

Chartered Accountants

## INFORMATION RELATING TO PROFIT FORECAST

### Principal Assumption

The forecast of profit before taxation for the 52 weeks ending 31st May, 1980 of not less than £700,000 referred to in the Chairman's Letter includes results shown by audited interim accounts for the 26 weeks ended 1st December, 1979 and by unaudited management figures for the period ended 28th March, 1980 and is made on the principal assumption that there will be no material disruption of the Group's business due to industrial disputes, political disturbances, changes in the pattern of demand or other factors outside its control.

## LETTERS RELATING TO THE PROFIT FORECAST

(a) The following is a copy of a letter from Brooks & Hanbidge, Chartered Accountants, and Thornton Baker, Chartered Accountants, relating to the forecast of consolidated profit of the Group for the 52 weeks ending 31st May, 1980.

The Directors,

HOME FARM PRODUCTS LIMITED

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast (for which you are solely responsible) and we are satisfied that the forecast is based on reasonable assumptions and is consistent with the audited interim accounts for the 26 weeks ended 1st December, 1979 and by unaudited management figures for the period ended 28th March, 1980.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumption made by you set out in the said particulars and is presented on a basis consistent with the accounting policies normally adopted by the Group.

BROOKS & HANBIDGE,

Chartered Accountants

Yours faithfully,

THORNTON BAKER,

Chartered Accountants

(b) The following is a copy of a letter from Capel-Cure Myers Limited relating to the forecast of consolidated profit of the Group for the 52 weeks ending 31st May, 1980.

The Directors,

HOME FARM PRODUCTS LIMITED

Gentlemen,

We refer to the forecast of profit of your Company and its subsidiaries for the 52 weeks ending 31st May, 1980 contained in the particulars dated 9th May, 1980.

We have discussed with officers of your Company the policies and assumption on which the profit forecast was made. We have also considered the letter dated 9th May, 1980 from Brooks & Hanbidge and Thornton Baker regarding the accounting policies and calculations underlying the profit forecast.

On the basis of the above, we consider that the profit forecast (for which you are solely responsible), has been made by you with due care and attention.

Yours faithfully,

for Capel-Cure Myers Limited

R. M. LEDERMAN

Director

## STATUTORY AND GENERAL INFORMATION

### 1. Capital History

The Company was incorporated in England under the Companies Act 1929 as a private company limited by shares on 3rd May, 1952 with an authorised capital of £500 divided into Ordinary shares of £1 each, all of which were issued and fully paid. On 25th January, 1954 the authorised share capital was increased to £28,600 divided into Ordinary shares of £1 each, all of which were issued and fully paid. On 7th May, 1980:

- each of the existing 28,600 authorised and issued shares of £1 in the capital of the Company was converted and subdivided into 10 Ordinary shares of 10p each;
- with a view to the acquisition of the whole of the issued share capital of T.P.B. Cooked Meats, Freezer Meats and Gainsborough the authorised share capital of the Company was increased to £230,088 by the creation of 2,014,880 new Ordinary shares of 10p each;
- the said 2,014,880 new Ordinary shares were allotted and issued credited as fully paid in consideration of the above mentioned acquisition and the names of the allottees were entered in the Register of Members of the Company.

#### On 9th May, 1980:

- the authorised share capital of the Company was further increased to £600,000 by the creation of 3,699,120 new Ordinary shares of 10p each;
- certain amendments were made to the Memorandum of Association of the Company;
- the Company was converted into a public company and adopted new Articles of Association; and
- a capitalisation issue of 2,300,880 new Ordinary shares of 10p each was made to members.

### 2. Subsidiaries

The Company has the following wholly owned subsidiaries all of which are private companies incorporated in England:

Name of Company	Date of Incorporation	Issued Share Capital
Todwick Park & Bacon Co. Limited	8.1.1969	10,000 Ordinary shares of £1 each.
Todwick Cooked Meats Limited	21.5.1973	800 Ordinary shares of £1 each.
Todwick Freezer Meats Limited	8.8.1973	100 Ordinary shares of £1 each.
Gainsborough Park & Bacon Company Limited	20.12.1978	10,000 Ordinary shares of 10p each, all of which were issued for cash at par within the last two years.

3. Contract with Capel-Cure Myers Limited  
Under Contract No. (viii) below Capel-Cure Myers Limited has agreed, subject to the whole of the issued share capital of the Company being admitted to the Official List by the Council of the Stock Exchange not later than 21st May, 1980, to purchase from the shareholders of the Company a total of 1,200,000 Ordinary shares of 10p each at an average price of 55p per share less a commission of 10p (plus VAT) per share with a view to such shares being placed with its clients and other members of the public. The contract provides, *inter alia*, that the Company will pay all the expenses of and incidental to the application for the issued share capital of the Company to be admitted to the Official List including all the costs of preparation, printing and advertising of these particulars, all accountancy and legal expenses and a fee to Capel-Cure Myers Limited.



## Goldsmith spells out bid

BY IAN HARGREAVES IN NEW YORK

SIR JAMES GOLDSMITH, through a subsidiary of the Cavenham Foods group, is to offer \$45 a share or \$200m in cash for a 35 per cent stake in Diamond International, the New York-based forest products company.

In declaring the terms of his long expected bid, Sir James has attempted a carrot and stick manoeuvre to try to persuade Diamond shareholders to vote against a proposed friendly merger with Brooks Scanlon, another forest products company.

Shareholders are to vote on the Brooks Scanlon deal at their

annual meeting in Maine on Wednesday.

The Cavenham offer says that the \$45 a share will be paid only if the Brooks Scanlon deal — a complex arrangement involving a payment of \$6.4m by Diamond and the issuing of an additional 2.6m Diamond shares, which would dilute Sir James's 5.6 per cent holding — is turned down or postponed by the shareholders.

Cavenham also wants, if a postponement is agreed, to use its voting rights under the shares acquired in the \$45 a share tender to vote against the Brooks Scanlon merger at the

postponed poll.

If neither of these conditions is met, Cavenham Holdings will offer only \$40 a share.

Cavenham is also reserving the right to acquire more than a 35 per cent stake if sufficient shares are tendered to it and the right to purchase no additional shares if fewer than 4.5m shares (equivalent to a 35 per cent stake) are made available.

Additionally, Cavenham says it intends to start litigation to clear up the "apparent conflict" between New York State and Federal takeover laws in order to avoid possible delays from this source.

## National Steel cuts spending programme

By Our New York Staff

NATIONAL STEEL, the fourth largest U.S. steelmaker, is to cut its \$340m capital spending programme for this year by 20 per cent because of the downturn in steel demand.

The company is the first of the big steelmakers to take such a step, although others have indicated that they will take similar measures if the recession starts to look more severe than most businessmen are forecasting it will be.

National, which is more dependent than most of its competitors on sales to the motor industry, has also laid off 3,000 workers, most of them at its Great Lakes steel division plant near Detroit. The company has also closed down three blastfurnaces at four plants.

Bethlehem Steel, the nation's second largest producer, has said it hopes that continued strong demand from the capital goods sector and from energy-related steel users will prevent it having to make cuts in capital spending.

Armco, a highly diversified steelmaker, but still one with heavy sales to Detroit, has laid off 1,000 of its 30,000 production workers and closed down one blastfurnace at its Middletown, Ohio, plant.

## Small gain for Hoffmann

By John Wicks in Zurich

THE BOARD OF F. Hoffmann-La Roche, the Basle-based pharmaceutical company, will recommend an unchanged gross dividend of Sfr 550 per share and participation certificate.

This follows profits for 1979 of Sfr 61.6m (\$37.1m) against Sfr 60.41m (\$36.39m) in 1978.

The associated holding company, Sapor, of New Brunswick, Canada, has already announced a similar, unchanged dividend for its 1978-79 financial year.

Consolidated sales of the Roche and Sapor group rose by 7.2 per cent last year to Sfr 5,190m (\$3,120m). Group profit went up 8.9 per cent to Sfr 219.1m (\$131.5m).

## On course at Statsforetag

BY VICTOR KAYFETZ IN STOCKHOLM

STATSFÖRETAG, the Swedish state holding company, predicts continued recovery during 1980, due mainly to a gradual improvement in earnings of its so-called basic industrial sectors — forest products, chemicals and iron mining — which only began to be felt around the end of 1979, the annual report says.

Last year, the company's 30 or so operating subsidiaries had a combined pre-tax loss of Skr 509m (\$120m) against a 1978 loss of Skr 929m, with turnover for comparable units up 16 per cent to Skr 12,180m (\$2,577m). The board has proposed that the state receive no dividend for the fifth consecutive year.

Statsforetag writes that the outlook in 1980 is favourable

for its security services company, ABAB, for units at the forest products enterprise, ASSI, making corrugated paper and packaging systems, and for the railway car and loading machinery manufacturer, Kalmar Verkstad.

Other companies with a favourable outlook this year are the publishing house, Liber, the newly-acquired company, Kockums Automation, the prefabricated home builder, Nyckelhus, the insulation company, Rockwool, and the highly profitable tobacco company, Drenska Tobak.

The iron mining company, LKAB, which cut its pre-tax loss from Skr 675m in 1978 to Skr 492m last year, is beginning to benefit from several years of

cost-cutting measures. Its future expansion will be mainly in new fields such as non-ferrous metals, coal and other energy sources.

Group capital expenditures, which at Skr 1,770m last year, made up 13 per cent of Sweden's total industrial investments, will continue growing in 1980. Government grants in connection with employment policy have nonetheless kept the group's liquidity up.

In a review of the group's 10-year existence, Mr. Per Skold, the managing director, calls for a clearer line to be drawn between Statsforetag's normal commercial operations and its tasks as part of government policies in the business and employment fields.

## Loans double at NIB

By Lance Keyworth in Helsinki  
NORDIC INVESTMENT BANK (NIB) almost doubled its lending in fiscal 1979, its third year of trading, increased its borrowing, and raised its profit by 48 per cent. Its balance sheet total at the end of the year was SDR 285.5m, against SDR 191.8m in 1978. One SDR (Swedish Krona) is equivalent to U.S.\$1.31.

NIB granted 25 investment loans last year for a total of SDR 101.1m.

## Stewart &amp; Lloyds upturn

BY JIM JONES IN JOHANNESBURG

STEWART & LLOYDS, the South African manufacturer and distributor of steel and engineering products, in which British Steel has a 21 per cent indirect interest, increased first half pre-tax profits to R9.35m (\$11.8m) in the six months to March 31, 1980. First half profits in 1979 were R6.77m.

The increase was despite complete switch to a life (Last in, First out) accounting basis. Turnover during the period was 22.6 per cent higher at

R157.9m compared with R128.5m. Had life accounting not been introduced, pre-tax profits for the period would have been R12.3m.

For the year to September last, with partial life accounting only, turnover was R282m and pre-tax profits R12.1m.

Previously, the company paid one dividend annually. This year it has paid a 10 cent interim dividend of 24.4 cents a share against 16.4 cents last time.

## CURRENCIES, MONEY AND GOLD

## Gold with a future

BY COLIN MILLHAM

GOLD FUTURES trading in the U.S. has taken a severe knock in recent months after several years of continuous growth. In the five years that U.S. citizens have been allowed to own gold, the volume of futures contracts has risen from 407,000 in 1975 to 3.5m last year, but is now expected to fall.

Trading on the New York Commodity Exchange and the International Monetary Market in Chicago is largely a medium for speculation.

If conditions are right the speculator is as likely to be as

interested in soya beans as in gold, and in fact very few futures contracts are carried through to delivery. About 97 per cent are offset by another contract, thus illustrating the speculative nature of the market.

This constant arbitrage by buying and selling contracts and never taking delivery worked efficiently for nearly five years, but suddenly ran into trouble when prices jumped sharply at the end of 1979. A major difference between London's physical market and the U.S. futures is that a standard purchase of 10

bars, each weighing 400 troy ounces, costs about \$2m, but futures are bought on margin.

The margin requirement on a standard 100 oz contract is only \$5,000 or about 10 per cent of the total value, giving gold trading a much wider margin of available resources than the physical market. The Hunt brothers used the low margin to their advantage in the silver market until heavy speculation in precious metals forced the COMEX and IMM to increase margin requirements, not only

on new contracts but on existing ones.

The ensuing liquidation of contracts, and in some cases failure to meet the new margin calls, contributed to the fall in the price of silver from over \$50 to \$13, and gold from \$850 to around \$500. It has also made operators wary of becoming heavily involved again, and led to a recent reduction in margins and an increase in the number of contracts delivered monthly, as the futures market attempts to restore confidence in itself.

## GOLD

	May 9	May 8
Gold Bullion (fine ounce)		
Close	8510-515	8295-297 1/2
Opening	8507-512	8292-296 1/2
Morning fixing	8510-510	8294-000
Afternoon fixing	8508-505	8292-292 1/2
Gold Coins		
Kruggerand	8585-530	8291-324
Mapleleaf	8517-527	8297-524 1/2
New Sovereign	8510-528	8297-524 1/2
King of Siam	8510-528	8297-524 1/2
Victoria	8510-528	8297-524 1/2
French 400	8510-528	8297-524 1/2
50 Pence	8510-528	8297-524 1/2
100 Cents	8510-528	8297-524 1/2
50 Cents	8510-528	8297-524 1/2
50 Cents	8510-528	8297-524 1/2

## THE DOLLAR SPOT AND FORWARD

	May 9	May 8
Day's Spread		
UK	2.260-2.260	2.260-2.260
Ireland	2.047-2.047	2.047-2.047
Canada	1.781-1.781	1.781-1.781
Netherlands	1.580-1.580	1.580-1.580
Belgium	20.29-20.29	20.29-20.29
Denmark	6.875-6.875	6.875-6.875
W. Ger.	1.825-1.825	1.825-1.825
Portugal	48.25-48.25	48.25-48.25
Spain	71.25-71.25	71.25-71.25
Italy	363.50-363.50	363.50-363.50
Norway	4.930-4.930	4.930-4.930
France	4.200-4.200	4.200-4.200
Sweden	4.200-4.200	4.200-4.200
Japan	230.00-230.00	230.00-230.00
Austria	12.87-12.87	12.87-12.87
Switz.	1.670-1.670	1.670-1.670

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London certificates of deposit one-month 10.85-10.95 per cent; three-month 11.05-11.15 per cent; six-month 11.05-11.15 per cent; one year 10.85-11.05 per cent.

	May 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
180 term	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
7 days notice	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
1 month	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
3 months	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
6 months	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
1 year	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4

Long-term Eurodollar two years 11 1/2-11 3/4 per cent; three years 11 1/2-11 3/4 per cent; four years 11 1/2-11 3/4 per cent; five years 11 1/2-11 3/4 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

## LONDON MONEY RATES

	May 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Over night	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
2 days notice	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
7 days notice	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
1 month	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
3 months	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
6 months	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
1 year	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4
2 years	17 1/2-17 3/4	9 1/2-10	13-16	10 1/2-11	3 1/2-4	9 1/2-10	18 1/2-19 1/2	14-14 1/2	10-10 1/2	11 1/2-11 3/4	11 1/2-11 3/4

Local authorities and finance houses seven days' notice, others seven days' notice. "Long-term local authority mortgage rate" nominally three years 14 1/2-15 1/4 per cent; four years 14 1/2-15 1/4 per cent; five years 14 1/2-15 1/4 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

Approximate selling rates for one-month Treasury bills 15 1/2-16 1/2 per cent; two-months 15 1/2-16 1/2 per cent; three-months 15 1/2-16 1/2 per cent. Approximate selling rates for one-month Treasury bills 15 1/2-16 1/2 per cent; two-months 15 1/2-16 1/2 per cent; three-months 15 1/2-16 1/2 per cent.

Finance House Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1475 per cent.

## OTHER CURRENCIES

	May 9	£	US
			Note Rates
Argentina Peso	4074-4094	1790-1797	29.30-39.00
Australia Dollar	1.0170-1.0210	0.8890-0.8999	67.40-68.00
Brazil Cruzeiro	110.60-111.60	49.86-49.96	12.82-12.90
Canada	1.781-1.790	0.715-0.717	9.56-9.58
Denmark	6.844-6.9937	42.40-42.70	4.10-4.12
Hong Kong Dollar	11.131-11.132	4.9070-4.9110	1898-1899
Iran Rial	0.15-0.158	n/a	592-593
Israel Sheqel (NIS)	1.610-1.615	0.2703-0.2704	4.81-4.82
Luxembourg Fro.	66.02-65.15	33.19-39.15	110-112
Malaysia Dollar	4.9650-4.9975	1.9170-1.1990	10.27-12.17
New Zealand	1.70-1.71	0.715-0.717	10.7-10.72
Saudi Arab. Riyal	7.53-7.53	3.5390-3.5308	9.54-9.58
Sing. African Rand	4.9100-4.9215	1.1640-1.1640	5.79-5.81
U.S. Dollar	1.790-1.7990	0.715-0.7330	2.973-2.975
U.S. Dirham	8.49-8.52	3.7315-3.7330	48-50



Continued on previous page











## More anger at Day of Action

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS INTEND to continue their scornful attacks on the TUC's Day of Action on Wednesday. They believe its failure would represent a significant tactical reverse for trade union leaders out of touch with the views of their members.

Confusion over the likely impact of the protest against the Government's economic policies continued over the weekend. However, there were signs that it could prove an embarrassing damp squib for the TUC as more trade unionists said they would work.

Yesterday, some prominent Labour MPs were privately criticising the TUC for its lack of leadership and failure to consult Labour leaders over the possible political implications of an unsuccessful protest.

They felt it would have been better to delay a day of action until next winter on the assumption that unemployment would be much higher and public opinion more receptive.

Following Mrs. Thatcher's

onslaught on Friday, Lord Hailsham, the Lord Chancellor and other Conservative leaders continued the Government's attack at the weekend. Lord Hailsham called union leaders hard-faced men who used their industrial clout to hold the country to ransom.

There was no excuse for the unions to withdraw their labour on Wednesday, he told Scottish Tories at Perth on Saturday. So far not even a Labour Government, committed to Socialism, had justified the withdrawal of labour for a purely political motive.

However, Lord Hailsham was denounced yesterday by Mr. Eric Heffer, a leading member of Labour's National Executive Committee, for questioning the morality of the Day of Action. He argued that the Government had turned its back on the democratic corporate state concept by excluding the TUC from real discussions.

Mr. Heffer defended the union's right to launch the Day

of Action, which had never been envisaged as a general strike but as a widespread protest taking different forms.

In his view the reaction of Mr. Denis Healey, shadow Chancellor of the Exchequer, said in a BBC radio interview yesterday that he did not think the TUC protest would have any influence on the Government, but he did not regard it as a futile gesture. It was necessary to allow workers to let off steam against the Government.

Express Newspapers have warned employees that they could face dismissal if they do not report for work on Wednesday, writes Nick Garnett.

In a letter to staff, Mr. Jocelyn Stevens, deputy chairman and managing director, said those who failed to report for work would be in breach of their contracts of employment.

"I have to point out to you that this will render you liable for dismissal," the letter said. Express Newspapers and the London Evening Standard were granted High Court injunctions

ordering officials of four unions to withdraw circulars calling upon their members not to work on May 14.

Leaders of one of the unions, the National Society of Operative Printers, Graphical and Media Personnel later decided to defy the injunction.

It was expected yesterday that today's edition of the Daily Express, published by Express Newspapers, would carry a NATSOPA advertisement about the day of action.

Civil servants who comply with the Civil Service Department's instruction to report for work on Wednesday to their local employment or Social Security offices if they cannot get to their normal place of work will be confronted by pickets, a civil service union leader warned yesterday.

Mr. Ken Thomas, general secretary of the largest union in the civil service, the Civil and Public Services Association, said there would be peaceful pickets. Unions and the judges. Page 20

## U.S. tells Brussels and UK of import curb plan

By Giles Merritt in Brussels

BRITAIN AND THE European Commission have been told by the U.S. of up to 30 different products on which imports curbs may shortly be imposed.

The restrictions on EEC exports to the U.S. would compensate for the quotas the UK introduced earlier this year to restrict imports of U.S.-produced polyester filament yarn and nylon carpet yarn.

The U.S. Government may decide to single out UK exports only, though U.S. officials believe it is more likely that the measures would apply to the Community as a whole, while being aimed at particular British products—such as woollen fabrics.

### 'No trade war'

News of this move—due to be confirmed by the Carter Administration on May 20—comes a few days after the conclusion of top-level EEC-U.S. in Brussels, where Herr trade consultations with the Wilhelm Haferkamp, EEC External Relations Commissioner, insisted there was "no trade war" with the U.S.

But the talks are understood to have identified about 20 areas on which more EEC-U.S. negotiations could be necessary to remove barriers. Some of these involve EEC imports over U.S. anti-dumping action against major European steel makers, and U.S. anxiety about EEC moves against textiles and synthetic fibres.

The U.S. authorities' action in drawing up a list of products from which a number would be selected for import quotas is primarily intended to warn American exporters. But it is also likely to raise the temperature of continuing talks between Brussels and Washington.

The Brussels Commission recently rejected a U.S. claim that the UK fibres quotas represented a \$55m "trade loss" for this year.

The list of products the U.S. may restrict is being published in the official Federal Register. It includes textile yarns and fabrics, chemical products of interest to synthetic fibre manufacturers, and even non-textile items such as ceramic tiles.

### Speciality

Woollen fabrics that are a UK speciality would certainly be included in any curbs enforced. Because comparable luxury fabrics are not produced in the U.S., any decision to bar them would be "a typical case of shooting oneself in the foot," said an American official.

David Buchanan writes from Washington. A U.S. trade official in Washington yesterday said the European Commission had been informed that the U.S. might retaliate against protectionism on U.S. synthetic fibres.

There was a feeling on both sides of the Atlantic that provided the U.S. response was not disproportionate, it need not trigger a wider trade war, he added. U.S. action was merely responding to the failure of EEC to negotiate a satisfactory compensation package.

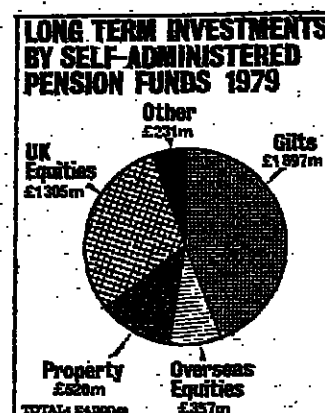
The U.S. had not taken a final decision on the form of retaliation, the official stressed. It could take the form of tariffs or import quotas. A long list of possible targets had already been published this spring for public comment by American business. Since then, the list had been shortened.

### BR's film unit wins five prizes

FIVE of six British Transport Films productions have won prizes at the recent Silver Screen Awards at the U.S. Industrial Film Festival, Chicago, to which more than 1,000 films, produced worldwide, were entered. BTF is British Rail's films service.

## THE LEX COLUMN

# Overseas risks and rewards



The institutions are finding the freedom to invest anywhere in the world as perplexing as the decision on appropriate dividend levels for company boards. While there has been some pick-up in the level of overseas portfolio investment since exchange controls were abolished in October, particularly by private individuals, the shift has been conducted at a steady pace by the institutions.

The best pointer is provided by the self-administered pension funds, whose investment in overseas equity funds increased by 18 per cent last year, according to figures released by the Central Statistical Office. But this is not as impressive as it looks, since there was in fact a slight decline in the proportion of long-term investments put into overseas equities, from 9 per cent in 1978 to below 8 per cent. However, the final quarter of 1979 showed clear signs of a modest pick-up, with 12½ per cent of long term investment going into overseas equities, compared with 9½ per cent in the same period of 1978.

### Portfolio balance

While this trend has been mirrored by the other institutions and seems to have continued at much the same rate through the early months of 1980, at this pace it will take a long time to raise the average present proportion of 5 per cent or so of long-term funds overseas. It will take a sharp rise in overseas investments to change the balance of portfolios significantly. The Prudential, for instance, will have to be quite active abroad in implementing its recent decision to push the proportion held overseas from the present 3 per cent of equity funds to nearer 10 per cent in the not too distant future.

Among the reasons for the sluggish response are the fact that both foreign markets and currencies have looked relatively unenticing since abolition of controls. Certainly, the general dearth of new Eurobond issues until recently has meant that there has been little opportunity to test demand in the UK following the success of the European Investment Bank in raising DM 100m in the London market in November. The institutions also feel that they still have plenty of time to make up their minds.

But a key reason for the minimal response has been the lack of criteria for deciding what the ideal level of geographical diversification should be. A common cry has been the

need to match sterling liabilities with sterling assets. This is clearly a consideration for the insurance companies who are bound by the legislation to inform the Department of Trade when domestic assets and liabilities do not match, and matching of this kind will probably become mandatory within the next few years under the EEC life offices directive now being formulated.

Pension funds do not have the same legal restraints, but many argue that prudence prevents them allowing too great a currency mismatch in liabilities and assets. The typical ceiling on overseas assets now being quoted is 10 per cent. However, there is a clear flaw in this argument, since the UK is closely integrated with the world economy. Most of the big companies in which funds invest are heavily involved abroad and, over the medium and long-term, the earnings stream therefore reflects currency changes and the performance of other economies. In practice, the funds' decision should rest on whether they believe they can assemble a better collection of overseas assets than specific UK companies can.

### Diversification

Stockbrokers W. Greenwell have just released a paper analysing how investors can benefit through geographical diversification. The study assumes that the investor cannot outguess the currency exchange market and finds that it is not worth investing in the bonds or cash overseas, because the movements in currencies are too large. However, the track record of equities is so volatile that the addition of currency volatility does not eliminate the benefits that can be obtained through further spreading of risk. The more the particular

foreign market moved out of step with the UK market the higher this benefit. On the basis of simplifying assumptions, the mathematical optimum is for overseas equities to represent 40 per cent of the total equity portfolio. Interestingly, under this approach there seems to have been no theoretical benefit in geographical diversification when conducted through the dollar premium.

In practice, investment is less simple. Frictional problems reduce the theoretical 40 per cent optimum overseas equity holding. In Greenwell's view, to below 20 per cent. Thus for the gross funds unrecoverable withholding taxes on foreign earnings reduce the benefit, while there is also a political risk over whether the earnings will remain remittable. Management costs are higher and it is more difficult to keep track of investments on the other side of the world. Finally, while one can assume a perfect foreign exchange market for theoretical purposes, the UK investor is currently faced with a dilemma over the status of sterling.

### Sterling question

Since the entry of North Sea oil into the equation, sterling has strengthened in defiance of high levels of inflation. With two diametrically opposed schools of thought about its future trend, future movements could be much bigger than the average volatility measure used in the Greenwell paper. So, until the sterling question is settled it looks as if the UK investor is in effect taking a view on the currency when he invests abroad.

But there are benefits to investing overseas over and above the diversification of risk. There are opportunities to go into sectors that are simply not represented on the London market, with airlines and micro-electronics obvious examples. It is possible to concentrate on potential winning companies in sectors where the world competition is dominated by a handful of companies.

The institutions may be hesitating now, but things could look very different if sterling clearly turns or when the end of the Government's term of office begins to loom. The danger is that any sudden outburst could push sterling, on a tailspin, putting the Government under heavy pressure to step in with renewed controls. If the institutions wish to step up their overseas holdings, a steady rate of take-up would be in their collective interests.

## State poll boost for Schmidt

By Roger Boyes in Bonn

CHANCELLOR Helmut Schmidt's ruling Social Democratic Party yesterday won a landslide victory in the key West German state of North Rhine Westphalia and is set to become the largest single party in the State Parliament according to voting projections.

The victory was clearly at the expense of the Free Democratic Party, the junior coalition partner in both the North Rhine Westphalia and the Federal Government.

Projections on the basis of 140 out of 150 constituencies show that the FDP captured only 4.9 per cent of the vote, and could thus be edged out of the state Parliament altogether. Under German law parties need to capture at least 5 per cent of the vote to be represented in Parliament. Much will depend on late results and on postal votes.

Herr Johannes Rau, the state Premier, said his Social Democratic Party will be prepared to continue its coalition with the FDP if it managed to secure a seat in the state Parliament.

Senior Social Democrats last night hailed the result as a vote of confidence for Chancellor Schmidt's handling of international crises and of the party's domestic policies including that for energy.

For the other parties there will be two main consequences. The Christian Democratic opposition will increasingly question the choice of Herr Franz Josef Strauss as the main contender against Chancellor Schmidt. Herr Strauss is clearly unpopular in the state of North Rhine Westphalia and evidently cost the Christian Democrats many votes.

## Weather

UK TODAY  
 MOSTLY dry with long sunny periods. Cloudy with rain in West.

S.W. England, S. Wales, N. Ireland, Channel Is.  
 Mostly cloudy, outbreaks of rain. Max. 18C (61F).

N. Wales, S.W. Scotland, Glasgow, L.M.  
 Mainly dry, perhaps rain later. Max. 21C (70F).

Rest of England and Scotland  
 Dry, sunny periods. Max. 24C (75F).  
 Outlook: Little change.

### WORLDWIDE

	Y'day	midday	Y'day	midday
	°C	°F	°C	°F
Algeria	19	66	19	66
Amman	19	66	19	66
Athens	22	72	22	72
Bahra	22	72	22	72
Batavia	22	72	22	72
Beirut	21	70	21	70
Bombay	21	70	21	70
Buenos Aires	11	52	11	52
Calcutta	21	70	21	70
Cairo	17	63	17	63
Cardiff	17	63	17	63
Cebu	21	70	21	70
Colon	21	70	21	70
Copenhagen	14	57	14	57
Corfu	20	68	20	68
Dublin	16	61	16	61
Edinburgh	17	63	17	63
Frankfurt	19	66	19	66
Glasgow	17	63	17	63
Hong Kong	22	72	22	72
Imbabura	16	61	16	61
Islamabad	17	63	17	63
Jersey	17	63	17	63
Jo'burg	19	66	19	66
Lima	15	59	15	59
Lisbon	19	66	19	66
London	17	63	17	63
Madrid	17	63	17	63
Manila	22	72	22	72
Mexico City	17	63	17	63
Moscow	17	63	17	63
Mumbai	21	70	21	70
Nairobi	21	70	21	70
Norwich	17	63	17	63
Osaka	17	63	17	63
Paris	17	63	17	63
Perth	17	63	17	63
Rangoon	21	70	21	70
Rio de Janeiro	17	63	17	63
Rome	17	63	17	63
Singapore	21	70	21	70
Stockholm	17	63	17	63
Taipei	21	70	21	70
Tel Aviv	21	70	21	70
Tokyo	17	63	17	63
Toronto	17	63	17	63
Winnipeg	17	63	17	63
Zurich	17	63	17	63

C—Cloudy, F—Fair, P—Fog, R—Rain, S—Sunny, B—Breeze, G—Gale

## U.S. to oppose Pakistan's request for debt relief

BY DAVID HOUSEGO IN KARACHI

THE U.S., which offered Pakistan \$400m in economic and military assistance following Russia's invasion of Afghanistan, has decided to oppose Pakistan's request for a debt rescheduling.

Although State Department's view that Pakistan should be helped because of its strategic importance has apparently been overruled by the Treasury on the grounds of U.S. budget stringency and because Pakistan has not satisfied U.S. conditions for a debt moratorium.

The attitude of the U.S., Pakistan's largest creditor, is bound to influence other Western donor nations. They will be more reluctant to reschedule payments when the funds made available will help Pakistan meet its U.S. obligations.

Pakistan had been anticipating a substantial debt rescheduling next year as part of the West's programme of assistance in the wake of the Russian invasion of Afghanistan.

For 1980-81 the Government estimates an unfunded gap on the balance of payments of about

\$600m, of which nearly half might have been met by debt relief. Some donor nations might still agree unilaterally to a moratorium.

The U.S. decision has not yet been conveyed officially to Pakistan, but it is bound to cause further strains in relations and doubts about the consistency of U.S. policy.

President Zia-ul-Haq was upset by what he considered the meanness of the original U.S. aid offer, while the U.S. Administration was annoyed by Pakistan's public rejection of it.

As a result of Pakistan's refusal of the initial offer, and because most existing U.S. aid to Pakistan was suspended last year after disagreements over Pakistan's nuclear policy, the U.S. is now in the anomalous position of being a net recipient of funds from Pakistan. Debt repayments to the U.S. during the Pakistan financial year 1979-1980, which ends in June, amount to \$96m, leaving a net transfer to the U.S. of public funds of \$45m.

Pakistan was saved from

defaulting on its international payments this year by an unexpectedly strong export performance and help from Saudi Arabia. In an undisclosed transaction in March the Saudis placed \$200m on deposit with the State Bank of Pakistan, the country's central bank. This is in addition to another \$200m paid by Saudi Arabia last year.

By the end of June, the foreign exchange reserves should have risen to about \$800m from a perilous low last autumn of about \$150m.

Apart from these Saudi grants there has been no sign of significant aid from Muslim countries to enable Pakistan to purchase arms, as seemed likely early this year, but the Saudi funds do mean that Pakistan can avoid major borrowings from the IMF, which would involve accepting an unpalatable deflationary package. Acceptance of such IMF measures is one of the conditions the U.S. is putting forward for agreeing to debt relief, as the U.S. believes Pakistan is living beyond its resources.

## Sharp rise in Italian trade gap

BY PAUL BETTS IN ROME

ITALY'S worsening economic outlook was confirmed at the weekend by the publication of official figures showing a sharp deterioration in the country's trade balance and signs that the rate of industrial output is beginning to slow down.

For the third consecutive month, the trade balance showed a substantial deficit of L1,384bn (\$719.6m) in March compared to a L1737bn deficit during the same month last year.

In the first quarter of this year, the trade deficit increased to L3,777bn from L1713bn in the first quarter of 1979.

This was largely due to the drop in exports of oil imports, the weakening of the lira against the dollar and declining

export competitiveness in a shrinking world market.

Italy's oil deficit in March alone totalled L1,411bn, while the Fiat car group, Italy's largest private employer, has been forced to put 73,000 car workers on short time because of a slump in export sales.

Although industrial production in Italy has been sustained remarkably during past months, there are now also signs of a gradual slowdown in the rate of output.

Industrial production rose by 7 per cent last March compared to March 1979, but this is lower than the 8 per cent, 9 per cent, and 12 per cent year-on-year increases in the December, January and February indices.

But the Government appears to have won a preliminary consensus with the main trade unions for the need to introduce shortly a package of measures to contain accelerating inflation and the public sector borrowing requirement.

After talks lasting more than 18 hours this weekend, the Government agreed to increase family benefits and meet union demands to settle a number of outstanding public sector labour contracts. In return the unions undertook to moderate future demands and to adopt a more constructive attitude to the administration of longer-term economic recovery programme, which is due to be finalised next month.

## Inflation tops 20%

The rate is likely to peak at about 22 per cent in mid-summer before falling by 3 to 4 percentage points in July when the big price increases introduced in the June 1979 Budget as a result of the switch to a higher value added tax drop out of the comparison.

The banking figures for the month to mid-April, due on Thursday, are expected to show that bank lending and overall domestic credit expansion are still quite strong in spite of lower growth in the money supply over the last few months.

The figures will probably confirm that growth in sterling M3, the broadly defined money supply, has come down to the lower end of the official target range of 7 to 11 per cent over the last six months. Preliminary figures last week indicated that the rise in sterling M3 last month was a little over 0.25 per cent, the lowest monthly rise for more than a year. But the rise in bank lending will be quite large following last week's news that clearing bank advances to the private sector rose by almost £10m last month.

The Treasury and the Bank of England are concerned that much of the success in bringing down money supply growth has been due to heavy sales of gilt-edged stock during the past few months rather than to any significant fall in lending activity. Many companies are still borrowing heavily, strongly to finance large wage increases and high stock levels.

The authorities will not want to cut MLR until there are firm signs that this lending is under control. Bank of England action last week to relieve congestion in the money market showed advances to the private sector rose by almost £10m last month.

The Treasury and the Bank of England are concerned that much of the success in bringing down money supply growth has been due to heavy sales of gilt-edged stock during the past few months rather than to any significant fall in lending activity. Many companies are still borrowing heavily, strongly to finance large wage increases and high stock levels.

## U.S. petrol demand expected to drop 20%

BY RAY DAFTER IN NEW YORK

THE CHANGING driving habits of American motorists should reduce U.S. petrol consumption by 20 per cent over the next decade, according to new oil-industry estimates.

The savings, which could amount to 1.4m barrels a day on last year's consumption levels, would be the equivalent to the present total output of Alaska.

Largely as a result of the drop in petrol demand, the U.S. should be less of a drain on world-wide oil supplies in coming years. The Petroleum Industry Research Foundation (PIRFIC) estimates that net imports of oil in 1985 should be 8.2m b/d—the same level as last year—but by

1990 they should have dropped to 7.6 b/d. Consequently, the oil industry appears confident that the Carter Administration's announced permanent import ceiling of 8.5m b/d provides an achievable goal.

The forecasts are contained in a new study by PIRFIC, a research organisation funded by the oil industry.

The swing in petrol consumption is the most striking conclusion, for the foundation has assumed that over the next decade U.S. passenger car mileage will increase by 1.5 per cent a year and that the number of cars will rise by 1.8 per cent annually. While PIRFIC sees no

significant changes in the driving activities of Americans, it expects a major change in the type of cars they will drive.

The principal factors behind the expected drop in petrol consumption are the continuing switch to smaller and more fuel-efficient vehicles, and a growth in diesel-powered cars.

Overall U.S. oil demand is expected to decline from 18.9m b/d last year to 18.3m b/d in 1985, and to 17.8m b/d in 1990.

Domestic crude-oil production is expected to continue its decline, although decelerating, and higher world oil prices should reduce the rate of the fall, according to the foundation.

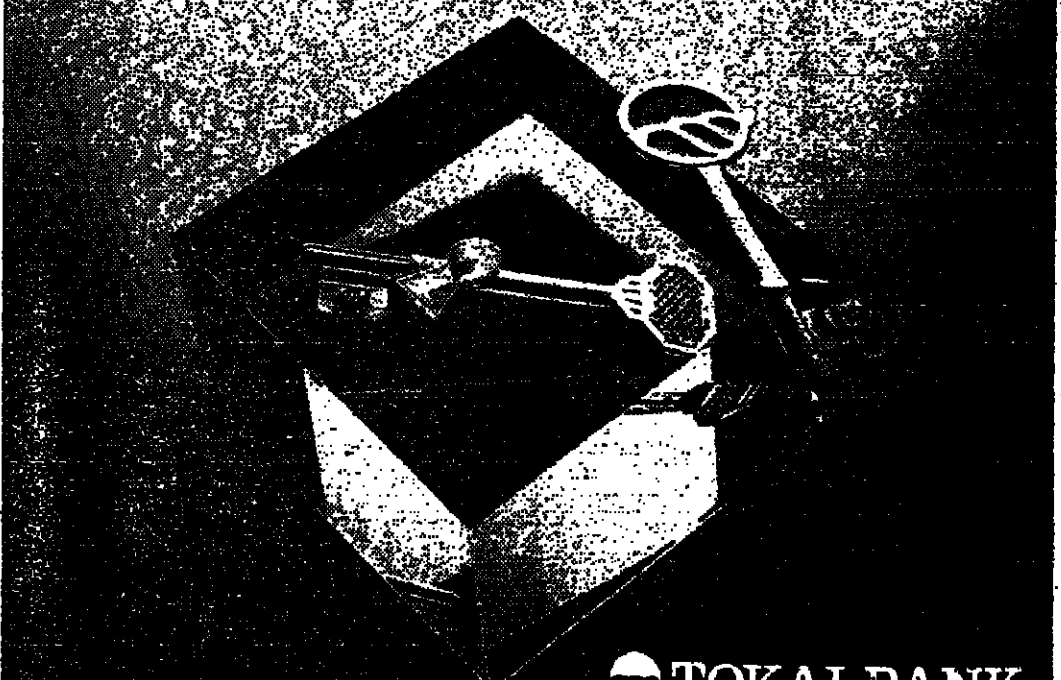
By 1990 total U.S. crude-oil production could be 1m b/d below last year's 8.6m b/d. Oil companies are confident in the shorter-term U.S. oil supply, so long as there is not another major disruption to world oil exports, there should be no undue problems with supplies this summer or next winter.

Companies told the Financial Times that as a result of high stock levels and dampened demand, the U.S.—like other major consuming countries—could manage, even assuming that Iranian exports were halted and that Saudi Arabia cuts its output to 8.5m b/d in the second half of this year.

## TOKAI TAKING CHARGE

Tokai Bank, the largest Japanese financial institution, has taken over the management of the Tokyo-Mitsubishi Bank, the second largest Japanese financial institution. The takeover is the result of a long-running campaign by Tokai to expand its international presence. Tokai has been active in acquiring foreign banks and has now taken over the Tokyo-Mitsubishi Bank, which has a large international network. The takeover is a significant move for Tokai, which has been building up its international presence for some time. The Tokyo-Mitsubishi Bank has a long history and a large international network, and its takeover by Tokai is a major step in Tokai's expansion strategy.

## The decision-maker's decision-maker



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